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THE WESTERN PACIFIC RAILROAD COMPANY

TO

FIRST FEDERAL TRUST COMPANY

AND

HENRY E. COOPER,

Trustees.

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First Mortgage.

DATED JUNE 26, 1916.

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AN INDENTURE, dated the twenty-sixth day of June, 1916, between THE WESTERN PACIFIC RAILROAD COMPANY (herein called the "Company"), party of the first part, and FIRST FEDERAL TRUST COMPANY (herein called the "corporate Trustee") and HENRY E. COOPER, having his residence in the City of New York, New York County, State of New York, and having an office or place of business at No. 37 Wall Street, in the Borough of Manhattan in said city (herein called the "individual Trustee"—the corporate Trustee and the individual Trustee being herein collectively called the "Trustees"), parties of the second part: Parties.*

WHEREAS, the Company is a corporation duly organized and existing under and by virtue of the laws of the State of California and is authorized by its charter and by law to acquire, construct, maintain and operate lines of railroad in the State of California and also in other States and has duly qualified as a foreign corporation authorized to acquire, construct, maintain and operate lines of railroad in the States of Nevada and Utah, respectively; and Incorporation and powers of Company.

WHEREAS, the corporate Trustee is a corporation organized and existing under the laws of the State of California and is authorized by its charter and by law to accept the trusts and to exercise the powers vested in and conferred upon it by this indenture; and Incorporation and powers of corporate Trustee.

WHEREAS, the Company has acquired certain lines of railroad in California, Nevada and Utah, and desires to provide for betterments, additions and extensions hereafter to be made and for other corporate purposes; and Purposes of issue.

WHEREAS, by resolution adopted by unanimous vote of the Board of Directors of the Company at a special meeting called for that purpose and approved by the written assent Original creation of bonded indebtedness.

* The marginal notes are not in the mortgage as executed and recorded.

or assents of stockholders of the Company holding all of its subscribed or issued capital stock given in the manner provided by law, the original creation of the bonded indebtedness of the Company to the amount of $50,000,000 has been duly authorized and directed and a certificate in respect to the original creation of such bonded indebtedness of the Company has been duly filed in the office of the County Clerk of the city and county where the original articles of incorporation of the Company are filed, to-wit, in the office of the County Clerk of the City and County of San Francisco, State of California, and a certified copy of said certificate has been duly filed in the office of the Secretary of State of the State of California; and

Authorization by directors.

WHEREAS, pursuant to such authorization, the Board of Directors of the Company, at a meeting of said Board duly convened and held, at which a quorum was present, has, by unanimous concurrence, authorized and directed the making as provided herein of the bonds of the Company, limited to the aggregate principal amount of $50,000,000 at any one time outstanding, to be known as its First Mortgage Gold Bonds and to mature March 1, 1946, whereof the $20,000,000 principal amount presently to be issued are to bear interest at the rate of five per cent. per annum, payable on the first days of March and September, and to be redeemable at the face amount thereof and accrued interest thereon, and the other bonds are to bear interest at such rate or rates, not exceeding six per cent. per annum, payable on such semi-annual dates and are to be redeemable at such price or prices as shall, pursuant to the conditions hereinafter expressed, be determined by the Board of Directors of the Company at the time of the issue thereof and be stated in said bonds, respectively; and

Authorization of indenture.

WHEREAS, at meetings of the Board of Directors and stockholders of the Company duly convened and held, it has been resolved that, in order to secure the payment of the principal of and interest on all of the bonds at any time outstand-

ing hereunder, the Company shall execute and deliver to First Federal Trust Company and Henry E. Cooper, parties hereto of the second part, as Trustees, a mortgage and deed of trust in the terms of this indenture of the lines of railroad, franchises, equipment and other property hereinafter described and at said meetings a mortgage and deed of trust in the form of this indenture has been submitted and duly approved and its execution, acknowledgment and delivery by the proper officers of the Company have been duly authorized and directed; and

Text of bonds of $20,000,000 presently to be issued:

WHEREAS, the text of the coupon bonds for $1,000 and of the coupons to be annexed thereto and of the registered bonds, of the $20,000,000 of bonds presently to be issued, is to be substantially to the following effect (the blanks therein to be appropriately filled) and the English text of the other bonds and coupons may be of similar tenor or may differ as hereinafter authorized—and such insertions, additions, omissions, variations and substitutions may be made in the text of, and such provisions may be endorsed on, any of said bonds as are hereinafter authorized:

—coupon bond for $1,000;

[FORM OF $1,000 COUPON BOND.]

No..... $1,000

UNITED STATES OF AMERICA.

The Western Pacific Railroad Company

FIRST MORTGAGE GOLD BOND.

THE WESTERN PACIFIC RAILROAD COMPANY (herein called the "Company"), for value received, hereby promises to pay to bearer or, if registered, to the registered owner of this bond on the first day of March, 1946, at its office or agency in the Borough of Manhattan in the City of New York, One thousand Dollars ($1,000) in gold coin of the United States of America of or equal to the standard of weight and fineness

as it existed June 26, 1916, and to pay interest thereon from June 26, 1916, but only upon presentation and surrender as they severally mature of the interest coupons hereto annexed, at the rate of five per cent. per annum, payable at its said office or agency in the Borough of Manhattan in the City of New York or at its office or agency in the City and County of San Francisco, as the coupon holder may elect, in like gold coin on the first day of September, 1916, and thereafter semi-annually on the first day of March and the first day of September in each year until payment in full of said principal sum. Both the principal of and interest upon this bond shall be paid without deduction for any tax, assessment or other governmental charge (except the Federal income tax imposed by the Act of Congress approved October 3, 1913, with respect to income derived from interest paid hereon) which the Company or the Trustees hereinafter mentioned, or either of them, may be required to pay thereon or to retain therefrom under any present or future law or ordinance of the United States of America or of any state, territory, municipality or other taxing authority therein; and the Company hereby assumes the payment of all such taxes, assessments and charges with the exception aforesaid.

This bond is one of the First Mortgage Gold Bonds of the Company issued and to be issued under and equally secured by an indenture of mortgage and deed of trust dated June 26, 1916, executed by the Company to First Federal Trust Company and Henry E. Cooper, as Trustees, the bonds secured whereby are limited to the principal amount of $50,000,000 at any one time outstanding. As provided in said mortgage and deed of trust, said bonds may be for various principal sums, may bear interest at different rates and may otherwise vary as therein provided. For the nature and extent of the security, the rights of the holders of bonds and coupons and of the Company and the terms and conditions on which said bonds are and are to be executed, authenticated, delivered and

secured, reference is made to said mortgage and deed of trust, to all of the provisions whereof the holder hereof and of any coupon hereto belonging, by accepting this bond or any such coupon, assents.

This bond is subject to redemption at the option of the Company on any semi-annual interest payment date, after published notice the first publication whereof shall be at least sixty days before such date, at the face amount thereof and accrued interest on such face amount to the date of redemption.

The principal of all of the bonds outstanding under said mortgage and deed of trust may be declared or become due and payable (in case of default or otherwise) upon the conditions, in the manner and with the effect provided in said mortgage and deed of trust.

This bond shall pass by delivery, unless registered as to principal in the name of the owner on the books of the bond registrar in the Borough of Manhattan in the City of New York, such registration being noted hereon, and thereafter no transfer hereof shall be valid unless made on said books by the registered owner hereof in person or by his attorney and similarly noted hereon, but this bond may be discharged from registration by being transferred in like manner to bearer, whereupon it shall be again transferable by delivery; but again from time to time it may be registered as before. The coupons, however, shall always be transferable by delivery.

The holder of this bond at his option may surrender the same alone or together with other coupon bonds of like tenor of the denomination of $1,000 each, with all unmatured coupons thereto belonging, for cancelation in exchange for a registered bond or bonds without coupons of like tenor for the same aggregate principal sum and such registered bonds without coupons in turn may be re-exchanged for coupon bonds of the denomination of $1,000 each in the same aggregate principal sum, but in either case only on payment, if the

Company shall so require, of the charges provided for in said mortgage and deed of trust.

No recourse shall be had for the payment of the principal of or interest upon this bond or for any claim based hereon or otherwise in respect hereof or of said mortgage and deed of trust against any incorporator, stockholder, director or officer, past, present or future, of the Company, or of any predecessor or successor company, by the enforcement of any assessment, call or payment or by any legal or equitable proceeding or in any other manner, whether by virtue of any constitution, statute, rule of law, contract, express or implied, representation or otherwise (save only against directors or officers for malfeasance or gross negligence in the performance of their duties as such directors or officers), all such liability (except as aforesaid) being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly released—all as provided in said mortgage and deed of trust.

This bond shall not be valid or become obligatory for any purpose until the certificate hereon endorsed shall have been signed by or on behalf of the Trustees under said mortgage and deed of trust.

In Witness Whereof, The Western Pacific Railroad Company has caused this bond to be signed in its corporate name by its President or one of its Vice-Presidents and its corporate seal to be hereto affixed, duly attested by its Secretary or an Assistant Secretary, and the coupons for said interest authenticated by the engraved signature of its Treasurer to be attached hereto, as of the twenty-sixth day of June, 1916.

THE WESTERN PACIFIC RAILROAD COMPANY,

By.....

Vice-President.

Attest:

.....

Assistant Secretary.

[FORM OF FIRST INTEREST COUPON.] —first coupon;

No. 1. $8.89.

On the first day of September, 1916, The Western Pacific Railroad Company will pay to the bearer at its office or agency in the Borough of Manhattan, in the City of New York, or at its office or agency in San Francisco, California, as the bearer may elect, Eight dollars and eighty-nine cents ($8.89) in United States gold coin, being two months, four days interest then due on its First Mortgage Gold Bond No. , unless said bond shall have been called for previous redemption.

.....

Treasurer.

[FORM OF COUPON EXCEPT THE FIRST.] —other coupons;

No..... $25.

On the first day of , 19 , The Western Pacific Railroad Company will pay to the bearer at its office or agency in the Borough of Manhattan, in the City of New York, or at its office or agency in San Francisco, California, as the bearer may elect, Twenty-five dollars ($25) in United States gold coin, being six months interest then due on its First Mortgage Gold Bond, No. , unless said bond shall have been called for previous redemption.

.....

Treasurer.

[FORM OF REGISTERED BOND.] —registered bond.

No..... $.....

UNITED STATES OF AMERICA.

The Western Pacific Railroad Company

REGISTERED FIRST MORTGAGE GOLD BOND.

THE WESTERN PACIFIC RAILROAD COMPANY (herein called the "Company"), for value received, hereby promises to pay to

or assigns, on the first day of March, 1946, at its office or agency in the Borough of Manhattan in the City of New York

Dollars ($) in gold coin of the United States of America of or equal to the standard of weight and fineness as it existed June 26, 1916, and to pay interest thereon from the date hereof at the rate of five per cent. per annum, payable at its said office or agency in the Borough of Manhattan, in the City of New York or at its office or agency in the City and County of San Francisco, as the registered owner may elect, in like gold coin on the first day of September, 1916, and thereafter semi-annually on the first day of March and the first day of September in each year until payment in full of said principal sum. Both the principal of and interest upon this bond shall be paid without deduction for any tax, assessment or other governmental charge (except the Federal income tax imposed by the Act of Congress approved October 3, 1913, with respect to income derived from interest paid hereon) which the Company or the Trustees hereinafter mentioned, or either of them, may be required to pay thereon or to retain therefrom under any present or future law or ordinance of the United States of America or of any state, territory, municipality or other taxing authority therein; and the Company hereby assumes the payment of all such taxes, assessments and charges with the exception aforesaid.

This bond is one of the First Mortgage Gold Bonds of the Company issued and to be issued under and equally secured by an indenture of mortgage and deed of trust dated June 26, 1916, executed by the Company to First Federal Trust Company and Henry E. Cooper, as Trustees, the bonds secured whereby are limited to the principal amount of $50,000,000 at any one time outstanding. As provided in said mortgage and deed of trust, said bonds may be for various principal sums, may bear interest at different rates and may otherwise vary as therein provided. For the nature and extent of the secur-

ity, the rights of the holders of bonds and of the Company and the terms and conditions on which said bonds are and are to be executed, authenticated, delivered and secured, reference is made to said mortgage and deed of trust, to all of the provisions whereof the holder hereof, by accepting this bond, assents.

This bond is subject to redemption at the option of the Company on any semi-annual interest payment date, after published notice the first publication whereof shall be at least sixty days before such date, at the face amount thereof and accrued interest on such face amount to the date of redemption. In case this bond shall be for a principal amount in excess of $1,000, any part hereof equal to $1,000 or a multiple of $1,000 may be so redeemed, in which case the owner hereof shall be entitled to receive coupon or registered bonds (as he may request) for a principal amount equal to the part hereof not so redeemed.

The principal of all of the bonds outstanding under said mortgage and deed of trust may be declared or become due and payable (in case of default or otherwise) upon the conditions, in the manner and with the effect provided in said mortgage and deed of trust.

This bond is transferable by the registered owner hereof in person or by attorney on the books of the bond registrar in the Borough of Manhattan in the City of New York upon surrender and cancelation of this bond and, thereupon, a new registered bond or new registered bonds of like tenor for the same aggregate principal sum will be issued to the transferee in exchange herefor; or the registered owner of this bond at his option may surrender the same for cancelation and exchange for a coupon bond or coupon bonds of like tenor of the denomination of $1,000 each for the same aggregate principal sum which in turn may be re-exchanged for a registered bond or bonds of the tenor of this bond—in either case only on the payment,

if the Company shall so require, of the charges provided for in said mortgage and deed of trust.

No recourse shall be had for the payment of the principal of or interest upon this bond or for any claim based hereon or otherwise in respect hereof or of said mortgage and deed of trust against any incorporator, stockholder, director or officer, past, present or future, of the Company, or of any predecessor or successor company, by the enforcement of any assessment, call or payment or by any legal or equitable proceeding or in any other manner, whether by virtue of any constitution, statute, rule of law, contract, express or implied, representation or otherwise (save only against directors or officers for malfeasance or gross negligence in the performance of their duties as such directors or officers), all such liability (except as aforesaid) being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly released—all as provided in said mortgage and deed of trust.

This bond shall not be valid or become obligatory for any purpose until the certificate hereon endorsed shall have been signed by or on behalf of the Trustees under said mortgage and deed of trust.

In Witness Whereof, The Western Pacific Railroad Company has caused this bond to be signed in its corporate name by its President or one of its Vice-Presidents and its corporate seal to be hereto affixed, duly attested by its Secretary or an Assistant Secretary, as of the day of , 19 .

THE WESTERN PACIFIC RAILROAD COMPANY,

By.....

Vice-President.

Attest:

.....

Assistant Secretary.

and

Whereas, the Trustees' authentication on all of said bonds is to be in substantially the following form: Text of Trustees' authentication on all bonds.

[form of trustees' authentication.]

This bond is one of the bonds described in the within-mentioned indenture.

FIRST FEDERAL TRUST COMPANY,
Corporate Trustee,

By.....

HENRY E. COOPER,
Individual Trustee,

By.....

and

Whereas, all acts and things prescribed by law and by the charter and by-laws of the Company in respect to the creation and issue of said bonds and the making of this indenture have been duly performed and the Company proposes to execute and deliver this indenture and said bonds in the exercise of each and every legal right and power in it vested;

Now, Therefore, This Indenture Witnesseth, that, in order to secure the payment of all of said bonds (which are hereinafter called "First Mortgage Bonds") at any time issued and outstanding under this indenture according to their tenor, purport and effect, as well the interest as the principal thereof, and to secure the performance and observance of all of the covenants and conditions therein and herein contained and to declare the terms and conditions upon which the First Mortgage Bonds are to be executed, authenticated, delivered and received, the Company, in consideration of the premises and of the acceptance or purchase of said bonds by the holders thereof and of the sum of One hundred Dollars, lawful money Granting clauses.

of the United States of America, to it duly paid by the Trustees at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, hath granted, bargained, sold, aliened, remised, released, conveyed, confirmed, mortgaged, pledged, assigned, transferred and set over, and by these presents doth grant, bargain, sell, alien, remise, release, convey, confirm, assign, mortgage, pledge, transfer and set over unto the Trustees, their successors in the trust and their assigns forever, all of the following described railways, franchises and other properties (which collectively are hereinafter called the "trust estate"), to wit:

Grant and conveyance.

Property formerly of Western Pacific Railway Company or its receivers:

First.—All and singular the following described lines of railroad, terminals, lands, equipment, shares of stock and other real and personal property and interests and rights in property owned by the Company or to which it may be entitled, formerly the property of or belonging to Western Pacific Railway Company, a corporation of the State of California, or its receivers:

—main line from San Francisco to Salt Lake City;

I.—A main line of railroad commencing in the City and County of San Francisco, running thence in and through said City and County to certain slips, piers and landing places upon San Francisco Bay in said City and County; thence by ferry and barge to the City of Oakland, in the County of Alameda; thence in and through said City of Oakland; thence in a southeasterly, easterly, northeasterly and northerly direction through the Counties of Alameda and San Joaquin, passing in and through the City of Stockton in said County of San Joaquin; thence in a general northerly direction through the County of Sacramento, passing in and through the City of Sacramento in said county; thence in a general northerly direction through the Counties of Sutter and Yuba, passing in and through the City of Marysville in said County of Yuba; thence in a general northerly direction through the County of Butte, passing through the City

of Oroville in said County; thence in a general northeasterly, easterly and southeasterly direction through the County of Plumas; thence in a general northerly and easterly direction through the County of Lassen to a point on the boundary line between the States of California and Nevada; thence in a general easterly and northeasterly direction through the Counties of Washoe, Humboldt, Lander, Eureka and Elko, in the State of Nevada, to a point on the boundary line between the States of Nevada and Utah; thence in a general easterly direction through the Counties of Tooele and Salt Lake, in the State of Utah, to and into Salt Lake City, in said State of Utah—said line of railroad being about 927.3 miles in length.

—branch line from Carbona to Tesla;

II.—A branch line of railroad, having its initial point and connection with said main line at or near Carbona in San Joaquin County, California, and extending thence in a southwesterly and westerly direction to a point near Tesla, Alameda County, California—being about 13 miles in length.

—terminals, telegraph lines, etc.;

III.—All terminals and all lands and interests in lands, easements therein and improvements thereon, including, among other things, yards, station and depot grounds, sheds, station houses, freight houses, warehouses, elevators, stock-yards, carhouses, engine houses, oil tanks, water tanks, water supply, shops, hotels, boarding houses, hospitals, docks, wharves, piers, slips, telephone and telegraph lines and other structures and erections and the appurtenances of all and every of the foregoing, whether or not for use in connection with said or any lines of railroad.

—equipment;

IV.—All locomotives, motor cars, express cars, dining cars, freight cars, passenger cars, combination cars, work cars and other rolling stock; all ferries, tugs, barges, transfers, lighters, harbor craft and other floating equip-

ment; all machinery, tools and appliances, all electrical generating and transmission and other electrical apparatus and all other equipment, apparatus, appliances and facilities.

—shares of stock;

V.—The following shares of stock in other corporations, which are hereby assigned to and simultaneously with the execution hereof are deposited with the Trustees:

995 shares of the par value of $100 each of the capital stock of The Salt Lake City Union Depot and Railroad Company, a Utah corporation, all of the other shares of stock wherein (except 9 shares held by directors)—to wit, 996 shares—are owned or controlled by The Denver and Rio Grande Railroad Company, a consolidated corporation existing under the laws of Colorado and Utah.

4000 shares of the par value of $100 each of the capital stock of Standard Realty and Development Company, a California corporation, being all of the capital stock thereof except 5 shares held by directors.

—leases and agreements;

VI.—The estates, interests and rights of the Company under any and all leases, leaseholds, rights under leases or contracts, trackage agreements, traffic agreements and operating agreements, and particularly the interests and rights of the Company heretofore possessed by Western Pacific Railway Company (but not including any of the claims or rights against, or with respect to the property of, The Denver and Rio Grande Railroad Company or any predecessor or successor corporation of, or which originally arose in favor of, holders of the First Mortgage Five Per Cent. Thirty-year Gold Bonds of said Western Pacific Railway Company or of coupons belonging thereto nor any of the proceeds or avails of any such claims or rights whether or not such proceeds or avails shall

have been collected or obtained otherwise, in whole or in part, by the use of First Mortgage Bonds or the proceeds thereof unless the same or any part thereof shall hereafter be subjected to the lien hereof by an instrument executed expressly for such purpose) under (1) an agreement, bearing date June 23, 1905, between The Denver and Rio Grande Railroad Company, The Rio Grande Western Railway Company, Western Pacific Railway Company and Bowling Green Trust Company (The Equitable Trust Company of New York being successor thereto), as trustee under the First Mortgage of Western Pacific Railway Company, and (2) an agreement bearing date said last-mentioned day between Missouri Pacific Railway Company and The Denver and Rio Grande Railroad Company; provided, however, that any now existing interest or right of the Company under any lease, agreement or other instrument or contract, which by the terms of a decree of foreclosure and sale entered in a cause pending in the United States District Court for the Northern District of California, wherein The Equitable Trust Company of New York was plaintiff and Western Pacific Railway Company and others were defendants, the Company is entitled to renounce or disaffirm and which pursuant to the provisions of said decree it shall so renounce or disaffirm, shall not be deemed to have been assigned, mortgaged, pledged or otherwise encumbered by this indenture.

—other property.

VII.—All and singular the property, interests and rights, (except cash, accounts and bills receivable, traffic and other operating balances and other cash items) not comprised in the descriptions contained in the foregoing subdivisions of this clause *First* of these granting clauses, which belong to the Company or to which it may be entitled in any manner and which heretofore were

owned by Western Pacific Railway Company or to which said company was or its receivers were entitled.

The lines of railroad, terminals, lands, structures, equipment, shares of stock and other property, interests and rights hereinabove in this clause *First* of these granting clauses described, were formerly the properties, interests and rights of Western Pacific Railway Company or its receivers and were conveyed and assigned to the Company by deed dated July 1, 1916, wherein Francis Krull as Special Master appointed in and by said above mentioned decree of foreclosure and sale is named as party of the first part, said Western Pacific Railway Company as party of the second part, F. G. Drum and Warren Olney, Junior, as receivers of said Western Pacific Railway Company, as parties of the third part, The Equitable Trust Company of New York, as trustee under the First Mortgage of said Western Pacific Railway Company executed to the Bowling Green Trust Company, trustee, as of date September 1, 1903, as party of the fourth part, Central Trust Company of New York, as trustee under the Second Mortgage of Western Pacific Railway Company executed to said Central Trust Company of New York, trustee, and dated July 1, 1908, as party of the fifth part, Franklin V. Spooner, Robert R. Pardow and John C. Rued, as parties of the sixth part, and the Company as party of the seventh part; which deed was executed and delivered to the Company before the execution of this indenture.

Special Master's deed.

Other property presently owned.

Second.—All other lines of railroad, extensions, branches, terminals, lands, structures, equipment, shares of stock, bonds, notes and other securities, claims, franchises, privileges and immunities and other property and estates, interests and rights (whether legal or equitable) now owned by or belonging to the Company, notwithstanding the same or any thereof may not be particularly set forth in these granting clauses.

After-acquired property.

Third.—Any and all property and facilities of any and every kind and description, including among other things lines

of railroad, extensions and branches, telegraph and telephone lines, lines and instrumentalities of water transportation, terminal facilities, equipment, lands, buildings, machinery and tools, stocks, bonds, notes and other obligations and securities and any and all right, title and interest in any of such properties or facilities which may from time to time hereafter be acquired or constructed by or belong to the Company or any successor or purchasing corporation if

(*a*) acquired or constructed by the use of First Mortgage Bonds or proceeds thereof or cash deposited hereunder (except bonds delivered or cash paid out under any of the provisions of this indenture in reimbursement of previous expenditures certified as hereinafter provided) or on account of the purchase, acquisition or construction thereof or work thereon First Mortgage Bonds shall hereafter be authenticated and delivered or the proceeds of First Mortgage Bonds or other cash deposited hereunder shall hereafter be paid out under any of the provisions of this indenture; or

(*b*) consisting of or, if securities, representing property or facilities constituting an integral part or parts of lines of railroad, extensions, branches, or other property subject to the lien of this indenture or some other integral portion whereof is or integral portions whereof are subject to the lien hereof or represented by securities subject to the lien hereof; or

(*c*) consisting of or, if securities, representing property or facilities used or acquired for use in or for the maintenance or operation of or appertaining to any of the lines of railroad, extensions, branches or other property subject, or represented by securities subject, to the lien of this indenture; or

(*d*) consisting of shares of stock in or other securities of said The Salt Lake City Union Depot and Railroad

Company or said Standard Realty and Development Company or any subsidiary company or any right, title or interest which the Company or any successor or purchasing corporation may hereafter acquire in or to any of the property of either of said companies or in or to any line of railroad or other property of any corporation which shall then be or immediately prior thereto shall have been a subsidiary company, as the term "subsidiary company" is defined in Section 2 of Article Second hereof.

Property hereafter conveyed in trust.

Fourth.—Any and all lines of railroad and other property of whatsoever kind or description, which may include, among other things, stocks, bonds, notes and other obligations and securities and also claims, demands and choses in action of whatsoever kind, from time to time hereafter by delivery or by writing of any kind, for any of the purposes hereof, conveyed, assigned, transferred, mortgaged or pledged by the Company or by any successor or purchasing corporation or by any person or corporation on behalf of any of them or with the written consent of any of them to the Trustees, who are hereby authorized to receive any such property at any and all times as and for additional security hereunder and also when and as hereinafter provided as substituted security hereunder and, except as hereinafter otherwise expressly provided and except with respect to anything which by or under any other of the provisions of this indenture is mortgaged or pledged or agreed to be mortgaged or pledged or to be subjected to the lien hereof as security hereunder, any such conveyance, assignment, transfer, mortgage or pledge may be made subject to any conditions, reservations, limitations and provisions which shall be set forth in an instrument in writing then to be executed by the Company or the person or corporation making such conveyance, assignment, transfer, mortgage or pledge respecting the use, management and disposi-

tion of the property constituting such additional security and the proceeds thereof.

Fifth.—All rights of way and other easements; all tunnels, roadbeds, main tracks, double tracks and other additional tracks, spurs, side tracks, turn-outs, switches, turntables; all superstructures, bridges, viaducts, stringers, ties, rails, frogs and bolts; all fences, telegraph and telephone lines, poles, wires, block signals and instruments; all terminal facilities; all wharves, docks, slips, piers, floats, loading and unloading apparatus and landings; all steamships, tugs, ferries, barges, lighters and other floating equipment; all passenger stations, freight houses, warehouses, elevators, power houses, coal houses, oil tanks, car houses, engine houses, machine shops and other shops and structures; all water stations, water tanks and water supplies; all locomotives, tenders, motor cars, express cars, postal cars, dining cars, baggage cars, passenger cars, combination cars, work cars, freight cars and other rolling stock and equipment; all machinery, apparatus, tools, implements, appliances, furniture, material and supplies; all land used or designed for way-grounds, terminals, yards, stations, depots, warehouses or other structures or facilities; all other property of every description and all rights and interests in or with respect to the use of property; provided that the foregoing or any thereof, whether now owned by the Company or at any time hereafter acquired by it or any grantee, successor or purchasing corporation, shall be appurtenant to or used or held for use as, or as a part or as parts of, or to facilitate or safeguard the maintenance or operation of, any lines of railroad, extensions, branches, telegraph or telephone lines, lines of water transportation, terminal facilities or other properties now or at any time hereafter subject to the lien of this indenture—whether the same exclusively appertain to or be used as parts of or in or for the maintenance or operation of lines of railway or other properties subject to the lien hereof or appertain to or be so used

Appurtenances, etc.

as parts of or in or for the maintenance or operation of such lines of railroad or other properties in common with lines of railroad or property not subject to the lien hereof;

Franchises. also all corporate and other rights, franchises, privileges and immunities now appertaining or hereafter to appertain to or used or held for use in or for the maintenance or operation of any such lines of railroad or other property now or at any time hereafter subject to the lien of this indenture, whether the Company now owns or it or any successor or purchasing corporation hereafter shall acquire any such rights, franchises,

Replacements. privileges or immunities; also any and all replacements, renewals, improvements and betterments of and additions to any such lines of railroad or any property or rights of whatsoever description now or at any time hereafter subject to the lien of this indenture, whensoever and by whomsoever such replacements, renewals, improvements, betterments or additions may be made.

Sixth.—All and singular the estates, rights, titles, interests,

Estates. possession, claims and demands, whatsoever, as well at law as in equity, of the Company and of any successor or purchasing corporation of, in or to any of the lines of railroad, extensions, branches, telegraph and telephone lines, lines of water transportation, terminal facilities, equipment, lands and other properties, hereditaments, appurtenances, rights, franchises, privileges and immunities hereby conveyed, assigned, mortgaged or pledged or intended to be conveyed, assigned, mortgaged or pledged or now or at any time hereafter subject to the lien of this indenture and every part and parcel thereof,

Rents. and all and singular the rents, issues, tolls, profits and other income of all and every part of the property of whatsoever kind or description hereby conveyed, assigned, mortgaged or pledged or intended to be conveyed, assigned, mortgaged or pledged or now or at any time hereafter subject to the lien of this indenture.

Company may acquire property free of lien hereof.

But nothing express or implied in this indenture shall be construed to limit the right or power of the Company or any successor or purchasing corporation, which right and power is hereby expressly reserved, by the use of its credit or free funds or by the use of First Mortgage Bonds delivered to the Company or any successor or purchasing corporation as in this indenture provided to reimburse the Company or any such successor or purchasing corporation for expenditures theretofore actually made out of its free funds, to construct or acquire free from the lien hereof lines of railroad, extensions or branches or interests therein, equipment, stocks, bonds or other securities or other property, rights, franchises, immunities or privileges provided the same shall not be lines of railroad, extensions, or branches or interests therein, equipment, stocks, bonds or other securities, or other property, rights, franchises, immunities or privileges (*a*) on account of the purchase, acquisition or construction whereof or work whereon First Mortgage Bonds shall be authenticated and delivered or their proceeds or other cash deposited hereunder shall be paid out as herein provided; or (*b*) consisting of, or if securities representing, property or facilities constituting an integral part or parts of lines of railroad, extensions, branches or other property subject to the lien of this indenture or some other integral portion whereof is or integral portions whereof are subject to the lien hereof or represented by securities subject to the lien hereof; or (*c*) consisting of or, if securities, representing property or facilities used or acquired for use in or for the maintenance or operation of or appertaining to any of the lines of railroad, extensions, branches or other property subject, or represented by securities subject, to the lien of this indenture; or (*d*) consisting of shares of stock in or other securities of said The Salt Lake City Union Depot and Railroad Company or said Standard Realty and Development Company or any subsidiary company or of any right, title or interest which the Company or any successor or purchas-

ing corporation may acquire in or to any of the property of either of the companies above named or in or to any line of railroad or other property of any corporation which shall then be or immediately prior thereto shall have been a subsidiary company as the term subsidiary company is defined in Section 2 of Article Second hereof; and the Company may, unless First Mortgage Bonds shall have been authenticated and delivered or their proceeds or other cash deposited hereunder paid out against the same, purchase and acquire equipment, free from the lien hereof, by lease, conditional sale agreement or under any form of equipment trust, or purchase such equipment and issue obligations therefor secured by mortgage or pledge of such equipment superior to the lien of this indenture.

Habendum. To Have and to Hold the premises, railways, properties, securities, rights, franchises, estates and appurtenances hereby conveyed or assigned or intended to be conveyed or assigned unto the Trustees, their successors in the trust and assigns forever.

Subject, However, as to all equipment now owned to the equipment trust or conditional sale agreements secured thereon, and as to equipment hereafter acquired, to the equipment trust or conditional sale agreements to which the same shall be subject as permitted hereby, and as to any property hereafter acquired by the Company or by any successor or purchasing corporation and becoming subject to the lien of this indenture, to any liens thereon existing at the time of such acquisition and not expressly prohibited by the terms of this indenture.

Grant in trust. But in Trust Nevertheless for the equal and proportionate benefit and security of all present and future holders of the First Mortgage Bonds and coupons and for the enforcement of the payment of said bonds and coupons when payable and the performance and observance of and compliance with the covenants and conditions of this indenture, without prefer-

ence, priority or distinction as to lien or otherwise of one bond over any other bond by reason of priority in the issue, sale or negotiation thereof, or the purpose of its issue, so that each and every bond hereby secured shall have the same right, lien and privilege under and by virtue of this indenture and, subject to the terms hereof, be equally and proportionately secured hereby, as if all of the First Mortgage Bonds had been made, executed, authenticated, delivered and negotiated simultaneously with the execution and delivery of this indenture, it being intended that the lien and security of this indenture shall take effect from the date of the execution and delivery hereof without regard to the time of the actual issue, sale or negotiation of said bonds and as though upon said date all of said bonds were actually authenticated, issued, sold and delivered and were in the hands of holders in due course.

AND IT IS HEREBY COVENANTED AND AGREED that all of the First Mortgage Bonds with coupons for interest thereon are to be executed, authenticated and delivered and the trust estate to be held, managed and disposed of by the Trustees subject to the further covenants, conditions, uses and trusts hereinafter set forth, and it is hereby covenanted and agreed by the Company with the Trustees and the respective holders from time to time of the First Mortgage Bonds as follows:

ARTICLE FIRST.

TERMS, EXECUTION, REGISTRATION AND EXCHANGE OF BONDS.

SECTION 1.—The $20,000,000 of bonds provided for in Section 1 of Article Second hereof shall bear interest from June 26, 1916, at the rate of five per cent. per annum payable on the first day of September, 1916, and thereafter semi-annually on the first days of March and September, be redeemable as provided in Article Third hereof at the face amount thereof

Terms of $20,000,000 of bonds presently to be issued.

* The article and section references at the top of this and the following pages are not in the mortgage as executed and recorded.

and accrued interest, be payable as to principal at the office or agency of the Company in the Borough of Manhattan, City of New York, and as to interest at said office or agency or at its office or agency in San Francisco, California, as the person entitled thereto may elect, in United States gold coin of the standard existing June 26, 1916, without deduction for any tax, assessment or other governmental charge (except the Federal income tax imposed by the Act of Congress approved October 3, 1913, with respect to income derived from interest paid thereon) which the Company or the Trustees or either of them may be required to pay thereon or to retain therefrom under any present or future law or ordinance of the United States of America or of any state, territory, municipality or other taxing authority therein, payment of which taxes, assessments and charges, except as aforesaid, the Company assumes; may be executed originally as coupon bonds or fully registered bonds without coupons, the coupon bonds to be dated June 26, 1916, to be registerable as to principal and to be in the denominations of $1,000, $500 and $100, the fully registered bonds to be in the denominations of $1,000, $5,000 and $10,000 and multiples of $10,000, and the registration and transfer of fully registered bonds and registered coupon bonds to be had at a place of registry in the Borough of Manhattan in the City of New York and the coupon bonds for $1,000 to be interchangeable with fully registered bonds.

Terms of additional bonds:

The additional bonds issued hereunder (including both the $30,000,000 of bonds which may be authenticated and delivered originally under the provisions of Section 2 of Article Second hereof and also any bonds that may be issued as provided in Section 4 of this Article First in exchange for, or by reason of the redemption of, bonds already outstanding hereunder) may contain the same terms as said $20,000,000 of bonds, or, if the Board of Directors of the Company shall so determine, all or any of them may vary from said $20,000,000 of bonds in any of the following respects:

(1) They may bear interest at any rate or rates not exceeding six per cent. per annum, payable on any semi-annual interest dates, which interest on the coupon bonds may run from any specified date. —interest rate and dates;

(2) All or any of said bonds may be made payable as to principal and interest or as to either principal or interest both in the Borough of Manhattan in the City of New York and at one or more other places in the United States or elsewhere, and in United States gold coin of the standard existing at any specified date or in such gold coin and also at the holder's option in one or more foreign currencies at fixed rates of exchange or in fixed reasonable equivalents of United States gold coin. —place and medium of payment;

(3) They may provide for the payment of any premium in addition to the face amount thereof and accrued interest in case of redemption pursuant to Article Third hereof. —redemption price;

(4) The provision hereinbefore recited for payment of the principal and interest without deduction for taxes, assessments and other governmental charges may be omitted or modified or broadened with respect to said additional bonds or any of them. —deduction for taxes;

(5) All of the First Mortgage Bonds, interest coupons and the Trustees' authentication shall be expressed in the English language, but any bonds payable in a foreign country or in foreign currency may also be expressed in one or more foreign languages, in which case, however, the English text shall govern the construction thereof and both or all texts shall constitute but a single obligation. —language;

(6) Said additional bonds may be executed originally as coupon bonds or fully registered bonds without coupons and in any denomination not less than $100 and all or any of the coupon bonds thereof may be made registerable as to principal or may omit the provision for registration; and one or more places in the United States or elsewhere may be pro- —registered bonds without coupons and registration of coupon bonds;

vided for the registration and transfer of fully registered bonds and registered coupon bonds.

—date of coupon and registered bonds;

(7) The coupon bonds may be dated as of any date or dates not earlier than June 26, 1916; all fully registered First Mortgage Bonds shall respectively be dated the day when authenticated and delivered if an interest payment day, otherwise the last preceding interest payment day, and shall bear interest from date.

—series.

(8) Any of such bonds that shall vary from said $20,000,000 of bonds but shall be identical with each other as to interest rate, interest payment dates and redemption price shall constitute a single series to be distinctively designated, and said $20,000,000 of bonds and all other bonds identical with them as to interest rate, interest payment dates and redemption price shall be deemed a single series which may, but need not be, distinctively designated.

Exchange of bonds.

Provision may be made (and may, but need not, be referred to in the text of or by endorsement on the bonds) for the exchange of coupon bonds of any series or tenor or of some of the denominations of such series or tenor for registered bonds of the same series or tenor, or of registered bonds for coupon bonds, or of bonds of one denomination for bonds of another denomination or denominations of the same series or tenor, or of bonds of any series or tenor for bonds of another series or tenor, or of bonds payable at one or more places or in one or more currencies for bonds payable at another place or places or in another currency or currencies, provided always that the aggregate principal sums of the bonds exchanged are the same.

Numbering and lettering.

The Board of Directors of the Company shall prescribe a method or methods of numbering, or numbering and lettering, the different bonds and the bonds of different series or tenor.

Said $20,000,000 of bonds shall be substantially of the tenor hereinabove recited, and the other bonds shall

be of like tenor or of such tenor with variations, additions and omissions as hereinabove in this Section 1 authorized; and such insertions, additions, omissions, variations and substitutions may be made in the text of, and such provisions may be endorsed on, any of the First Mortgage Bonds as may be provided for by, or rendered necessary or appropriate by reason of the action of, the Board of Directors taken pursuant to and consistently with any of the provisions of this indenture, or may be necessary or appropriate to conform to the rules or requirements of any stock exchange or the list committee thereof or to law or commercial usage in any country or countries in which any of said bonds may be listed for trading or made payable.

Variations in text of bonds.

SECTION 2.—From time to time the First Mortgage Bonds shall be executed on behalf of the Company and delivered to the Trustees for authentication and thereupon, as provided in Article Second hereof if an original issue, and as provided in this Article First if not an original issue, but not otherwise, the Trustees shall authenticate and deliver the same.

Execution of bonds.

In every case of a request by the Company to the Trustees for authentication of bonds of any series or tenor, whether in coupon or registered, permanent or temporary form, the Company shall (unless and except in so far as such matters shall be specifically provided for herein or in a resolution or resolutions a certified copy or certified copies whereof shall have been previously delivered to the Trustees) deliver to the Trustees in addition to the documents, if any, required by any other provisions of this indenture (*a*) a certified copy of a resolution of the Board of Directors of the Company fixing with respect to bonds of such series or tenor the letter or other distinctive designation thereof, if any, the interest rate, interest payment dates, redemption price, provision, if any, as to payment without deduction for taxes, date to be borne by coupon bonds, place or places of payment,

Resolution of directors fixing terms of bonds.

language or languages in which the text is to be expressed, currency or currencies of payment and fixed rates or equivalents of foreign exchange, place or places of registry, if any, terms of exchange, if any, which are to be expressed in such bonds or to be operative with respect to the exchange of the bonds the authentication whereof is then requested for bonds of any other series, tenor, denomination or form, and any other terms required or permitted by any of the provisions of this indenture, and setting forth the English text of the bonds the authentication whereof is then requested, and—except in the case of any of said $20,000,000 of bonds—(*b*) a certified copy of a resolution of the board of directors of the corporation that shall then hold substantially all of the outstanding capital stock of the Company, if any such corporation shall then exist (such corporation being herein sometimes referred to as the "Holding Company"), approving such resolution of the Board of Directors of the Company.

Maximum amount $50,000,000.

The aggregate principal amount of all First Mortgage Bonds which may be issued and outstanding under this indenture at any one time shall not in any event exceed the sum of $50,000,000 principal amount thereof, except as may be required or permitted by the provisions of Section 4 or Section 7 of this Article First.

Adoption of acts of officers.

Any First Mortgage Bond that shall be signed and sealed by persons who, at the time of such signing and sealing, shall be proper officers of the Company, may be authenticated and delivered hereunder notwithstanding that any of such persons may not at the date borne by such bond have been such officers or shall have ceased to be such officers before such bond shall be actually authenticated and delivered. Any coupon may be authenticated by the *facsimile* signature of the present or any future Treasurer of the Company, notwithstanding that he may not have been such Treasurer at the date borne by the bond to which such coupon is attached or may have ceased to be such Treasurer before such bond shall have been actually authenticated or delivered. Only such

Authentication of coupons.

bonds and only the coupons appertaining to such bonds as shall bear thereon endorsed an authentication substantially in the form hereinbefore recited, executed by or on behalf of the Trustees, shall be valid for any purpose or secured by this indenture or entitled to any right, lien or benefit hereunder, and such authentication of any bond by the Trustees shall be the conclusive and only evidence that such bond has been duly executed, authenticated and delivered and is outstanding hereunder and that the holder is entitled to the benefit of the trust hereby created. Authentication by Trustees.

Before any coupon bond shall be authenticated and delivered (except under the provision of Section 7 of this Article or as otherwise expressly provided herein), all coupons thereon matured shall be cut off, canceled and delivered to the Company; and no registered bond shall be authenticated and delivered bearing a date six months or more prior to such authentication and delivery. The First Mortgage Bonds may be authenticated and delivered in advance of the recording, registration or filing of this indenture. Authentication in advance of recording.

SECTION 3.—The Company will appoint some person or corporation having an office or agency in the Borough of Manhattan, in the City of New York, bond registrar and will appoint an additional bond registrar or additional bond registrars at such other place or places, if any, as may hereafter be designated in any of the bonds, and will cause such bond registrar or bond registrars to keep books for (*a*) the registration (at the place or places respectively at which bonds may be made registerable as hereinabove permitted) of all of the registered First Mortgage Bonds without coupons as the same shall be authenticated and delivered and of all coupon First Mortgage Bonds by their terms registerable as to principal as the same shall from time to time be presented for such purpose, and (*b*) the transfer of registered bonds and of coupon bonds registered as to principal. Such books of registry shall at all times be open to inspection by the Trustees. Bond registrars.

Transfer of fully registered bonds.

Any registered bond without coupons may, in accordance with its terms, be transferred upon the appropriate books of registry by the registered owner in person or by attorney, subject to such reasonable regulations as the Company may prescribe, and, upon cancelation of the registered bond so transferred, a new registered bond or new registered bonds of the same series or tenor and for a like principal sum shall be executed by the Company and authenticated by the Trustees and delivered to the transferee or transferees.

Registration and transfer of coupon bonds.

Any coupon First Mortgage Bond registerable by its terms may be registered as to principal on the appropriate books of registry, subject to such reasonable regulations as the Company may prescribe, the fact of such registration being noted on the bond by the bond registrar, after which no transfer shall be valid unless made on said books by the registered owner in person or by attorney and similarly noted on the bond, but the registered owner of any such coupon bond registered as to principal may in like manner transfer the same to bearer, whereupon such bond shall again become transferable by delivery. Successive registrations or transfers may be made from time to time. Coupons, however, attached to any bonds so registered as to principal shall always be transferable by delivery.

Ownership of bonds.

For all purposes whatsoever before, at or after maturity thereof, the Company and each of the Trustees may deem and treat as the absolute owner (*a*) the person in whose name any registered bond or coupon bond registered as to principal shall at the time be registered, (*b*) the bearer of any coupon bond not at the time registered and (*c*) the bearer of any coupon whether the bond to which it pertains be registered or not—and neither the Company nor the Trustees shall be affected by any notice to the contrary.

SECTION 4.—Upon (*a*) the surrender to the Trustees and cancelation before, at or after maturity thereof of any or all First Mortgage Bonds, with all unmatured coupons thereunto

appertaining, of any series or tenor previously authenticated and delivered hereunder, other than bonds acquired for the sinking fund pursuant to the provisions of Section 4 of Article Third hereof, or (*b*) the publication of notice of redemption of any of the First Mortgage Bonds pursuant to Article Third hereof, other than bonds redeemed or to be redeemed for the sinking fund pursuant to the provisions of Section 4 of said Article Third, and the due deposit of moneys with one or more of the Depositaries, as provided in Section 3 of Article Second hereof, subject to the order of the Trustees, sufficient for the payment of the amounts payable on such redemption,— the Company may execute and issue, and the Trustees, upon the written request of the Company signed by the Chairman of its Board, its President or a Vice-President, shall authenticate and deliver to the Company or upon its order, contained in such written request, First Mortgage Bonds of another series or tenor to an aggregate principal amount not exceeding the principal amount of the First Mortgage Bonds so surrendered or the redemption whereof shall be so provided for (other than bonds acquired or redeemed or to be redeemed for the sinking fund).

Authentication of bonds in exchange or with respect to redemption of outstanding bonds of other series or tenor.

Whenever any First Mortgage Bond or Bonds by its or their terms or otherwise exchangeable for one or more other First Mortgage Bonds, whether different in form (registered or coupon), denomination, place or currency of payment or of different series or tenor, shall be surrendered for the purposes of such exchange, with all unmatured coupons, if any, thereto appertaining, the Company shall execute, and the Trustees shall authenticate and deliver, a new bond or bonds for the like aggregate principal amount and of the tenor of the bond or bonds for which the bond or bonds so surrendered are exchangeable, and having, if a coupon bond, all unmatured coupons thereto appertaining. For any such exchange and for any transfer of registered bonds or of coupon bonds registered as to principal, the Company at its option may require the payment of a sum sufficient to reimburse it

Authentication of bonds in exchange for bonds of different form, denomination, series or tenor.

Charges for exchange or transfer of bonds.

for any stamp tax or other governmental charge and (except in the case of the transfer of coupon bonds registered as to principal) an additional amount not exceeding one dollar for each new bond issued upon such exchange or transfer. All bonds and coupons surrendered upon any such exchange or transfer shall be canceled by the Trustees and delivered to the Company.

Temporary bonds.

Section 5.—Whenever the Company shall not have ready for execution permanent engraved First Mortgage Bonds, the Company may execute and the Trustees shall authenticate and deliver, in lieu of a like principal amount of engraved bonds and subject to the same conditions and limitations, temporary printed bonds of any denomination or denominations and substantially of the tenor of the bonds in lieu of which they are executed, but no coupons need be attached to such temporary bonds. Such temporary bonds shall be exchangeable for the engraved bonds in lieu of which they are issued, when ready, and, upon surrender and cancelation of such temporary bonds, the Company shall execute and the Trustees shall authenticate and deliver, in exchange therefor, permanent engraved bonds in the same principal sum in the aggregate and otherwise in accordance with such temporary bonds. Until so exchanged such temporary bonds if authenticated by the Trustees shall be entitled to the same security under this indenture as permanent engraved bonds authenticated and delivered hereunder.

Bond scrip.

Section 6.—Whenever the Company shall be entitled under the provisions of this Article First or of Article Second hereof to the authentication and delivery of any First Mortgage Bonds of any series or tenor, it may, pursuant to resolution of its Board of Directors or Executive Committee, a certified copy whereof shall be delivered to the Trustees, execute and deliver to the Trus-

tees, in lieu of a like principal amount of First Mortgage Bonds (which shall thereafter be deducted from the amount available for authentication and delivery hereunder, except in exchange for or upon the retirement of the bond scrip) bond scrip certificates appropriately dated representing fractional interests in bonds of such series or tenor in substantially the form in this Section 6 provided or in such other form as may be determined by the Board of Directors or Executive Committee of the Company and approved by the Trustees, and thereupon the Trustees shall authenticate and deliver the same subject to the same conditions and limitations as the bonds in lieu of which such scrip shall have been executed. Upon the surrender of scrip certificates for exchange for First Mortgage Bonds or for First Mortgage Bonds and new scrip certificates, the Company shall execute and deliver, and the Trustees shall authenticate, the First Mortgage Bonds and new scrip certificates, if any, that are deliverable in accordance with the terms of the scrip certificates so surrendered, and the Company shall make any payment on account of accrued interest to which the holder of the scrip certificates so surrendered shall be entitled by the terms thereof. The holders of any such bond scrip shall be entitled only to the rights with respect to the exchange thereof and to accrued interest that shall be expressly provided for in such scrip certificates and shall have no other rights, title, benefit or security of or under this indenture, and this indenture may be satisfied and discharged in accordance with the provisions thereof, notwithstanding that any such scrip certificates remain outstanding and that no money shall have been deposited for the payment thereof.

Optional form of bond scrip certificate.

Such scrip certificates may be issued in substantially the form following, with such variations, additions and omissions as may be appropriate:

SEC. 6. ARTICLE FIRST.

[FORM OF BOND SCRIP CERTIFICATE.]

THE WESTERN PACIFIC RAILROAD COMPANY

FIRST MORTGAGE GOLD BOND SCRIP CERTIFICATE.

No..... $.....

THIS IS TO CERTIFY that subject to all of the provisions of the indenture of mortgage and deed of trust (herein called the "First Mortgage") dated June 26, 1916, executed by The Western Pacific Railroad Company (herein called the "Company") to First Federal Trust Company and Henry E. Cooper, Trustees, the bearer, prior to the date when the principal of all of the First Mortgage Gold Bonds secured by said mortgage shall become due, on surrender for cancelation to the Company at its office or agency in the City of New York or in San Francisco, California, of this and other First Mortgage Gold Bond Scrip Certificates of like tenor and date, all together being of an aggregate principal amount equal to or exceeding the face amount of a bond of the lowest denomination of First Mortgage Gold Bonds exchangeable therefor, will be entitled to receive coupon First Mortgage Gold Bonds (of the denominations authorized by the terms of the First Mortgage, bearing interest at the rate of per cent. per annum, redeemable at the option of the Company under the terms of the First Mortgage at per cent. of the face amount thereof and accrued interest to the date of redemption and otherwise of the tenor of the bonds in lieu of which this scrip certificate is outstanding, referred to in the resolution of the Board of Directors or Executive Committee of the Company dated , 19 , a copy whereof is on file with said Trustees) to be issued in exchange for such bond scrip, to a principal amount not exceeding the aggregate principal amount of the scrip certificates so surrendered, together with all coupons thereunto belonging then unmatured, and an amount in cash equal to the face amount of all coupons thereunto belonging which shall have matured subsequently to the date hereof and also a new scrip certifi-

cate bearing the same date as this certificate for any excess of principal amount of surrendered certificates over the principal amount of the bonds issued in exchange therefor.

If this certificate shall be outstanding on the day when the principal of all of the First Mortgage Gold Bonds shall in any manner whatsoever become due the Company will pay to the bearer, upon surrender for cancelation of this certificate at the office or agency of the Company in the City of New York or in San Francisco, California,

Dollars ($) and in addition thereto interest thereon to such day from , 19 , at the rate of per cent. per annum, all in gold coin of the United States of America of or equal to the standard of weight and fineness which existed on , without deduction for any tax, assessment or other governmental charge (except the Federal income tax imposed by an Act of Congress approved October 3, 1913, with respect to income derived from such interest) which the Company or the Trustees under the First Mortgage or either of them may be required to pay thereon or to retain therefrom under any present or future law or ordinance of the United States or any State or other taxing authority therein.

No recourse shall be had for the payment of the principal of or interest upon this certificate or any claim based hereon or upon or in respect of the First Mortgage or any of the First Mortgage Gold Bonds against any incorporator, stockholder, director or officer, past, present or future, of the Company, or of any predecessor or successor company, in any manner or for any cause whatsoever, save only against directors or officers for malfeasance or gross negligence in the performance of their duties as such.

This certificate is not entitled directly or indirectly to any of the rights attaching to bonds issued under the First Mortgage or to any security or other benefits thereof and confers

upon the holder no rights except such as are expressly stated herein.

This certificate shall not be valid or become obligatory for any purpose until it shall have been authenticated by the certificate hereon endorsed of the Trustees under the First Mortgage.

Dated,

THE WESTERN PACIFIC RAILROAD COMPANY,

By.....

The Trustees' authentication on all of said scrip certificates may be in the following form:

[FORM OF TRUSTEES' AUTHENTICATION.]

This certificate is one of the First Mortgage Gold Bond Scrip Certificates described in the within mentioned indenture.

FIRST FEDERAL TRUST COMPANY,
Corporate Trustee,

By.....

HENRY E. COOPER,
Individual Trustee,

By.....

Mutilated, destroyed or lost bonds.

SECTION 7.—The Company in its discretion may, subject to reasonable regulations, execute and thereupon the Trustees shall authenticate and deliver, a new bond or bond scrip certificate of like tenor and date and bearing the same number and letter and having annexed the same coupons, upon the delivery to the Company or to the Trustees of (*a*) any mutilated First Mortgage Bond, permanent or temporary, with the coupons, if any, thereto belonging or any mutilated bond scrip certificate, or (*b*) evidence of the destruction or loss of any such bond and coupons or bond scrip

certificate, together with indemnity, which evidence and indemnity shall be satisfactory both to the Company and the Trustees, who may accept or reject the same in the exercise of an unrestricted discretion.

ARTICLE SECOND.

AUTHENTICATION AND DELIVERY OF BONDS.

Authentication for original issue.

The First Mortgage Bonds shall from time to time be authenticated by the Trustees and delivered to the Company or upon the written order of the Chairman of its Board, its President or one of its Vice-Presidents for original issue, as follows:

$20,000,000 of bonds on request.

SECTION 1.—$20,000,000, principal amount, of bonds shall be authenticated and delivered forthwith upon the execution and delivery of this indenture or from time to time thereafter in such amounts as the Company shall designate in a written request or in written requests signed by the Chairman of the Board, the President or one of the Vice-Presidents and delivered to the Trustees. The Company covenants and agrees that it will deposit hereunder with one or more of the Depositaries, as provided in Section 3 of this Article Second, out of the moneys which it shall at any time or from time to time receive as consideration or part consideration for the issuance or delivery of said $20,000,000 face amount of bonds, the aggregate sum of at least $15,000,000, and that after it shall have received and retained for its other proper corporate purposes such amount of the moneys so derived or to be derived as shall be in excess of said sum of $15,000,000, it will so deposit the moneys constituting said sum of $15,000,000 promptly when and as the same shall be received by it.

Covenant to deposit hereunder $15,000,000 of proceeds.

Payment of money so deposited.

The sums so deposited hereunder shall be paid out to the Company or upon the written order of the Chairman of its Board, its President or of a Vice-President only for the

purposes and subject to the restrictions in this Section 1 hereinafter provided.

Purposes:

The purposes for which the moneys so deposited may be paid out are:

—obligations of receivers of Western Pacific Railway Company, charges on property sold at foreclosure, etc.;

(*a*) the payment of any obligations incurred by the receivers of said Western Pacific Railway Company assumed, pursuant to the decree of foreclosure and sale or the final decree entered in the cause pending in the United States District Court for the Northern District of California for the foreclosure of said First Mortgage of Western Pacific Railway Company, dated September 1, 1903, wherein The Equitable Trust Company of New York was complainant and Western Pacific Railway Company and others were defendants, by the purchasers at the sale made pursuant to said decree of foreclosure and sale, including, among other things, any equipment notes or similar obligations that may have been put forth by such receivers; also the payment of any indebtedness, liens, allowances, costs or other obligations or charges subject whereto the property of said Western Pacific Railway Company or the receivers thereof was so sold and the payment of all amounts which the purchasers thereof, pursuant to the provisions of either of said decrees, assumed or in accordance with the provisions of either of said decrees have been or shall be duly required to pay;

—protection or enforcement of claims against The Denver and Rio Grande Railroad Company;

(*b*) furnishing the Company or the Holding Company, if then existing, with moneys for the protection of or to procure the enforcement of or realization upon (by litigation, negotiation, sale or otherwise) any claims, demands, choses in action or rights against or enforceable against The Denver and Rio Grande Railroad Company or any predecessor or successor corporation, or any of the property or estate of The Denver and Rio Grande Railroad Company or of any such predecessor or successor corporation, which shall exist in favor of or be

enforceable by or for the benefit of holders past, present or future of First Mortgage Five Per Cent. Thirty-year Gold Bonds of said Western Pacific Railway Company or coupons belonging thereto, whether under or by virtue of the contract dated June 23, 1905, mentioned in subdivision VI of clause *First* of the granting clauses hereof, or any guaranty or guaranties of payment of interest endorsed upon any of said bonds, or any provision of said First Mortgage dated September 1, 1903, securing said bonds, or which shall exist otherwise by virtue of the ownership of or any interest in said bonds or coupons;

—purposes enumerated in Section 2.

(*c*) any of the purposes enumerated in subsection A of Section 2 of this Article Second.

Documents to be delivered to Trustees.

Prior to any payment out of the moneys so deposited, the Company shall deliver to the Trustees the documents hereinafter specified, to wit:

(1) In case such payment shall be requested for any of the purposes enumerated in clause (*a*) or clause (*b*) of this Section 1, the Company shall deliver to the Trustees a certificate signed by the Chairman of the Board or the President or one of the Vice-Presidents and by the Comptroller or Treasurer of the Company, stating that a specified amount of the money deposited under this Section 1 is in good faith required by the Company for one or more of the purposes enumerated in clause (*a*) or clause (*b*) of this Section 1, and briefly describing the purposes for which and the manner in which the amount so called for is to be applied;

(2) In case such payment shall be requested for the purpose mentioned in clause (*b*) of this Section 1, the Company shall deliver to the Trustees, in addition to the certificate hereinabove required by clause (1), first, a certified copy of a resolution of the Board of Directors of the Company adopted by a vote of three-fourths of

all of the members of such Board, approving the application of the amount so called for to the particular purpose specified in the certificate therewith delivered; second, a certified copy of a resolution of the board of directors of the Holding Company, if then existing, to like effect and adopted by a vote of three-fourths of all of the members of such last-mentioned board; and, third, if such payment shall be requested to be made to or for the use of the Holding Company, unless such an agreement shall already have been lodged with the Trustees, an original or counterpart original of an agreement executed by the Holding Company and delivered to the Company, whereby the Holding Company shall agree to turn over to the Company for use or disposition as it may determine all moneys or other avails of the claims, demands, choses in action and rights mentioned in clause (*b*) of this Section 1, save only an amount equal to the out-of-pocket expenses which the Holding Company shall have incurred or shall thereafter incur in connection with the enforcement or settlement thereof or realization otherwise thereupon;

(3) In case such payment shall be requested for any of the purposes enumerated in subsection A of Section 2 of this Article Second, the Company shall deliver to the Trustees the same originals or copies of resolutions, certificates, opinions, conveyances or other instruments as would be required in the case of a like payment of deposited cash under the provisions of said Section 2, provided, however, that in such event the moneys deposited under this Section 1 shall be paid out at the rate of $1,000 thereof for every $1,000 principal amount of First Mortgage Bonds which might be authenticated and delivered in a like case pursuant to said Section 2.

$30,000,000 of bonds to be authenticated hereafter.

SECTION 2.—$30,000,000, principal amount, of bonds shall be authenticated and delivered from time to time hereafter

but only for the purposes and subject to the restrictions hereinafter in this Section 2 prescribed.

A.—The purposes for which First Mortgage Bonds may be authenticated and delivered under this Section 2 are: Purposes:

(*a*) The payment of liabilities incurred after June 30, 1916, for the construction, purchase or acquisition otherwise subsequent to said date by the Company or a subsidiary company of extensions to, or additional lines of railroad (including branch lines, feeders and detour lines) connecting with, any line of railroad owned by the Company and subject to the lien of this indenture or owned by a subsidiary company. Any line of railroad shall be deemed to be connecting with any line of railroad owned by the Company or by a subsidiary company if it shall connect with the same by direct junction of tracks or by ferry or by bridge or by a line of railroad over which the Company or such subsidiary company shall have the right of exclusive or joint use for a term extending beyond the date of maturity of the First Mortgage Bonds, either by its own motive power or by the motive power of a terminal or belt line company, provided that such right, if owned by the Company, shall be subject to the lien of this indenture. —extensions and feeders;

(*b*) The payment of liabilities incurred after June 30, 1916, for the betterment, improvement or equipment subsequent to said date of any line of railroad, line of water transportation, terminal facilities or other property at the time owned by the Company and subject to the lien of this indenture or at the time owned by a subsidiary company, including (but without limiting the foregoing general language) the construction, purchase or acquisition otherwise of main tracks, additional main tracks, side tracks, spur tracks, passing tracks, yard tracks, industry tracks, and other tracks, tunnels, bridges, viaducts, crossings (overhead, —betterments, improvements and equipment;

underground or grade), subways, superstructures, passenger stations, freight stations, warehouses, elevators, shops, car houses, round houses, electric, hydro-electric or other power plants and machinery, block signal or other signal or safety systems, telegraph and telephone lines and lines for the transmission of electric current; wharves, docks, piers, slips, loading and unloading apparatus, landings, ferries; the elevation and depression of tracks, ballasting and the revision of lines and grades; the installation of appliances suitable for the use of electric or other motive power and the substitution of one kind of motive power for another; the acquisition of additional lands, rights of way, estates, easements and interests in lands, water-power sites and water rights; the construction or purchase of equipment; the performance of any work required for the construction or installation of any of the property above mentioned. Any bridges, viaducts, subways and superstructures, the effect whereof will be to relieve the tracks of the Company or a subsidiary company from the burden of grade crossings, notwithstanding that some interest therein or the entire ownership thereof shall be vested in any state, county, municipality or other political body and shall not be subjected to the lien of this indenture or shall not be vested in such subsidiary company,—provided that the Company shall obtain and have and subject to the lien hereof or such subsidiary company shall obtain and have the unconditional right, for a term extending beyond the date of maturity of the First Mortgage Bonds, of exclusive use, or joint use with another railway company or other railway companies, of such bridges, viaducts, subways or superstructures or of any street or other land thereby relieved of public use and affording substantially equivalent facilities for the operation of trains—shall be deemed to be included in the word "bridge," "viaduct," "subway" or "superstructure," as the case

may be, as employed in this clause (*b*) of this subsection A.

(*c*) The payment of liabilities incurred after June 30, 1916, for the purchase or acquisition subsequent to said date by the Company of shares of stock or bonds or other obligations of any other corporation owning or constructing or about to construct or acquire any property the acquisition whereof by the Company would be included within the terms of clauses (*a*) or (*b*) of this subsection A, provided that the entire outstanding capital stock of such corporation (except shares necessary to qualify directors) shall then or thereupon be pledged hereunder as a first lien thereon. —securities;

(*d*) The payment, redemption or acquisition by exchange or otherwise, at, before or after maturity, of all or any part of any bonds, notes or other obligations, indebtedness or liability secured by lien or charge or any unsecured indebtedness, against which First Mortgage Bonds or deposited cash shall have been reserved as hereinafter in subsection E of this Section 2 provided. —payment or acquisition of certified liens;

(*e*) The payment of interest accrued on First Mortgage Bonds which shall have been authenticated and delivered, or the proceeds whereof shall have been paid out, as provided in this indenture with respect to the construction or acquisition of any property or the performance of any work for the period after the proceeds of such bonds became available for use and before the receipt or the completion or coming into service of such property or the completion of such work (less interest allowed by depositaries on unexpended balances of such proceeds for such period). —interest accrued during construction period;

(*f*) The reimbursement of the Company in whole or in part for money expended by it after June 30, 1916, for any one or more of the purposes enumerated in clauses (*a*), (*b*), (*c*), (*d*) and (*e*) of this subsection A. —reimbursement of previous expenditures.

Sale of bonds and deposit of proceeds.

B.—The Company at any time and from time to time, in lieu of obtaining the authentication and delivery of First Mortgage Bonds under this Section 2 for particular purposes specified in certificates as hereinafter provided in subsection D of this Section 2, may sell for cash any of the First Mortgage Bonds, and, upon the delivery to the Trustees of (1) a certified copy of a resolution of the Board of Directors or Executive Committee of the Company calling for the authentication and delivery of a specified amount of First Mortgage Bonds under this subsection B of Section 2 not greater than the amount then available for authentication and delivery under this Section 2 and reciting that the amount of bonds thus called for has been sold at a specified net price and (2) the original or a verified copy of the contract under which said bonds shall have been sold, and upon the deposit hereunder of the amount in cash realized or to be realized upon the sale of the bonds then called for at the net price specified in said resolution (exclusive of accrued interest), the Trustees shall authenticate and deliver First Mortgage Bonds to the amount so called for.

The sums so deposited (being sometimes herein referred to as the "deposited cash") shall be paid out to the Company or upon the written order of the Chairman of its Board, its President or one of its Vice-Presidents only for the purposes enumerated in subsection A of this Section 2 and subject to the restrictions hereinafter in this Section 2 prescribed.

$1,000 of bonds to be authenticated for $1,000 of liabilities, etc.

C.—First Mortgage Bonds authenticated and delivered under this Section 2 other than as provided by subsection B shall be authenticated and delivered, upon the conditions in this Section 2 prescribed, at not exceeding the rate of $1,000 principal amount of bonds for every $1,000 of liabilities stated in the certificates hereinafter provided for in paragraph *Second* of subsection D of this Section 2 to have been actually incurred and $1,000 principal amount of bonds for

every $1,000 of money stated in such certificates to have been actually expended for any one or more of the purposes in subsection A in this Section 2 enumerated, and of $1,000 principal amount of bonds for every $1,000 principal amount of obligations, liabilities or indebtedness of the character mentioned in clause (*d*) of said subsection A for the exchange of which arrangement shall be stated in such certificates to have been actually made, and of $1,000 principal amount of bonds for every $1,000 of the net amount of interest of the character mentioned in clause (*e*) of said sub-section A stated in such certificates to be due or to become due.

Deposited cash shall be paid out under and upon the conditions in this Section 2 prescribed to the extent of the net proceeds (included in the deposited cash) of $1,000 principal amount of First Mortgage Bonds (although more or less than that amount of money) for each $1,000 principal amount of bonds which might have been so authenticated and delivered as in this Section 2 provided for the particular purposes with respect to which such deposited cash is paid out. If at any time deposited cash shall result from the sale of bonds at different prices, all of the bonds from which such cash has been derived shall for the purposes of this Section 2 be deemed to have been sold at the average net price per bond realized upon all such sales.

Documents to be delivered to Trustees:

D.—Prior to the authentication and delivery of First Mortgage Bonds (other than under subsection B) or the payment of deposited cash under this Section 2 there shall be delivered to the Trustees the following:

—certified copy of resolution;

First.—In every case a certified copy of a resolution of the Board of Directors or Executive Committee of the Company calling for the authentication and delivery of a specified amount of First Mortgage Bonds not greater than the amount then available for authentication and

delivery under this Section 2 or for the payment of a specified amount of deposited cash not greater than the amount then available for payment under this Section 2, for the purpose of paying the liabilities or reimbursing the expenditures or acquiring the obligations, liabilities or indebtedness or providing for the interest specified in the certificate or certificates then or theretofore filed as required by the terms of paragraph *Second* of this subsection D, which certificate or certificates shall be specifically referred to by date or otherwise in said resolution, and, unless required for reimbursement of the Company in respect to previous expenditures so specified, directing the officers of the Company to set aside such First Mortgage Bonds or the proceeds thereof or such deposited cash, as the case may be, in a distinct fund separate from all other assets of the Company, and to use the same only for the particular purposes so specified.

—certificate as to additions or betterments;

Second.—Also in case said bonds or deposited cash are requested for any of the purposes set forth in clauses (*a*) and (*b*) of said subsection A of this Section 2 or for reimbursing the Company for money expended by it for any of said purposes, a certificate or certificates signed by the Chairman of the Board or the President or one of the Vice-Presidents and by the Comptroller or Treasurer or Chief Engineer of the Company, stating:

(*a*) that liabilities to an amount specified have been actually incurred or that expenditures to an amount specified have been actually made by the Company after June 30, 1916, for one or more of the purposes set forth in clauses (*a*) and (*b*) of subsection A of this Section 2, indicating the particular property acquired or constructed or contracted for or the work performed or contracted for or the kind or class of improvements or betterments made

or contracted for, briefly describing the location and character thereof and specifying the amount of money applied or to be applied to each item thereof so specified and stating whether such property was acquired or constructed or contracted for or such work performed or contracted for for the Company or any other corporation and, if any other corporation, that such corporation (naming it) is then or upon the acquisition of such property will become a subsidiary company as the term "subsidiary company" is defined in subsection G of this Section 2.

(*b*) that the amount of liability incurred or expenditure made for each item so specified was not when incurred or made in excess either of the fair value or of the actual and reasonable cash cost of the property constructed or acquired or contracted for or of the work performed or contracted for and that no part of such liability or of such expenditure (or of any liability or expenditure for the acquisition of securities representing such property in whole or in part) has been included in any previous certificate made under any provision of this indenture or has been paid, reimbursed, discharged or provided for out of any First Mortgage Bonds or the proceeds thereof or deposited cash or other money received under any of the provisions of this indenture (except bonds or money that shall have been delivered or paid hereunder in reimbursement of other expenditures previously certified under this indenture or the proceeds of bonds so delivered).

(*c*) whether, so far as known or believed by the officers signing such certificate, the property so acquired, constructed or contracted for is, or upon its acquisition will become, subject to any lien or charge (within the meaning of the terms "lien" and

"charge" as defined in subsection G of this Section 2), except (1) necessarily undetermined liens or charges ordinarily incident to construction or operation, (2) the lien of this indenture, (3) liens subordinate to the lien of this indenture, (4) any lien or charge then pledged hereunder or to be pledged hereunder simultaneously with the authentication and delivery of the bonds or the payment of the deposited cash then called for, (5) any lien or charge securing the payment of the liability with respect to which said bonds or deposited cash are then called for, and (6) any lien or charge previously certified under this indenture against which First Mortgage Bonds or deposited cash shall have been reserved as herein provided; and, if so, such certificate shall briefly describe such liens and charges and state the amount and character of indebtedness secured thereby, the due date thereof, the date of and parties to any indenture securing the same, and other particulars with respect thereto, and that sufficient First Mortgage Bonds or deposited cash remain available for reservation against such liens or charges as provided in subsection E of this Section 2.

Third.—Also in case said bonds or deposited cash are requested for the purpose set forth in clause (*c*) of said subsection A or for reimbursing the Company for money expended by it for such purpose:

—certificate as to securities;

1.—A certificate or certificates signed by the Chairman of the Board or the President or one of the Vice-Presidents and by the Comptroller or Treasurer or Chief Engineer of the Company, stating:

(*a*) that liabilities to an amount specified have been actually incurred or that expenditures to an amount specified have been actually made by the

Company after June 30, 1916, for the purpose set forth in clause (*c*) of subsection A of this Section 2, specifying the amount and class of securities acquired or contracted for, the name of the corporation which issued the same or owns the property represented thereby, the jurisdiction under the laws whereof such corporation was organized, the amounts, classes and terms (generally) of all the stock, bonds and other securities of such corporation, whether authorized or outstanding, and also indicating the property owned or being constructed or about to be constructed or acquired by such corporation and represented or to be represented by the securities so acquired or contracted for and briefly describing the location and character thereof and stating that all of the issued and outstanding capital stock (except shares necessary to qualify directors) of such corporation have been acquired or contracted for by the Company and have been or simultaneously with the authentication and delivery of the First Mortgage Bonds or the payment of the deposited cash then called for are to be pledged hereunder as a first lien thereon.

(*b*) that the amount of liability incurred or expenditure made for the acquisition of such securities was not when incurred or made in excess of either the fair intrinsic value or of the actual and reasonable cash cost thereof, and that no part of such liability or of such expenditure (or of the cost of the property represented, in whole or in part, by such securities) has been included in any previous certificate made under any provision of this indenture or has been paid, reimbursed, discharged or provided for out of any First Mortgage Bonds or the proceeds thereof or deposited cash or other money received under any of the provisions of this

indenture (except bonds or money that shall have been delivered or paid hereunder in reimbursement of other expenditures previously certified under this indenture or the proceeds of bonds so delivered).

(*c*) whether, so far as known or believed by the officers signing such certificate, the property represented by the securities so acquired or contracted for is, or upon the acquisition by the Company of such securities will become, subject to any lien or charge, or the corporation owning such property has or will upon such acquisition have any outstanding indebtedness, except (1) necessarily undetermined liens or charges ordinarily incident to construction or operation and current indebtedness arising from operation for a period not exceeding six months, (2) the lien of this indenture, (3) liens subordinate to the lien of this indenture, (4) any lien, charge or indebtedness then pledged hereunder or to be pledged hereunder simultaneously with the authentication and delivery of the bonds or the payment of the deposited cash then called for and (5) any lien, charge and indebtedness previously certified under this indenture against which First Mortgage Bonds or deposited cash shall have been reserved; and, if so, such certificate shall briefly describe such liens, charges and indebtedness and state the amount and character of such indebtedness and of the indebtedness secured by such liens and charges, the due date thereof, the date of and parties to any indenture securing the same and other particulars with respect thereto, and that sufficient First Mortgage Bonds or deposited cash remain available for reservation against such liens, charges and indebtedness as provided in subsection E of this Section 2.

2.—A certificate signed by counsel for the Com-

pany stating that the acquisition by the Company of any shares of stock, bonds, notes or other obligations stated in the certificate required by sub-paragraph 1 of this paragraph *Third* to have been acquired or contracted for is within the corporate power of the Company and is not prohibited by any law applicable thereto and that all such shares of stock are validly issued and that all such bonds, notes or other obligations are valid and binding obligations of the corporation which issued the same and, if any such bonds, notes or other obligations shall purport to be secured by lien on any property, that such lien is a valid and binding lien on such property, and that such shares of stock, bonds, notes and other obligations will, upon delivery to the Trustees for pledge hereunder, become subject to the lien of this indenture as a first lien thereon.

Fourth.—Also in case said bonds or deposited cash are requested for the purpose set forth in clause (*d*) of said subsection A or for reimbursing the Company for money expended by it for such purpose:

1.—A certificate or certificates signed by the Chairman of the Board or the President or one of the Vice-Presidents and by the Comptroller or Treasurer or Chief Engineer of the Company, stating: —certificate as to liens paid or acquired;

(*a*) that expenditures to an amount specified (not exceeding the principal amount of the bonds, notes, obligations, liabilities or indebtedness acquired or paid) have been actually made for the acquisition by the Company or the payment or redemption of bonds, notes, obligations, liabilities or indebtedness of the character mentioned in clause (*d*) of subsection A of this Section 2, or that arrangements have been actually made in good faith for the exchange of such bonds, notes, obligations, liabilities or indebtedness

with or for or by the use of First Mortgage Bonds, and such certificate shall briefly describe the bonds, notes, obligations, liabilities or indebtedness so acquired, redeemed or paid or so to be exchanged, and shall identify by date or otherwise the certificate or certificates previously delivered to the Trustees pursuant to this Section 2 in which such bonds, notes, obligations, liabilities or indebtedness or the lien or charge securing the same shall have been specified.

(*b*) that all such bonds, notes or other obligations so paid or redeemed and the evidences of any or all such liabilities or indebtedness so paid or redeemed have been canceled, or that all such bonds, notes or other obligations so acquired or so to be exchanged, and the evidences of all such liabilities or indebtedness so acquired or so to be exchanged have been, or simultaneously with the authentication and delivery of the First Mortgage Bonds or the payment of the deposited cash then called for will be, pledged hereunder.

(*c*) that none of such bonds, notes or other obligations and no part of any such expenditure, liability or indebtedness or of the liability or indebtedness represented by any such bonds, notes or other obligations has been included in any previous certificate (other than a certificate identified as required by clause (*a*) of this paragraph *Fourth*) made under any provision of this indenture or has been paid, reimbursed or discharged or provided for out of any First Mortgage Bonds or the proceeds thereof or deposited cash or other money received under any of the provisions of this indenture (except bonds or money that shall have been delivered or paid hereunder in reimbursement of other expenditures pre-

viously certified under this indenture or the proceeds of bonds so delivered).

—counsel's certificate;

2.—A certificate signed by counsel for the Company stating that all bonds, notes or other obligations or indebtedness or liabilities stated in the certificate required by sub-paragraph 1 of this paragraph *Fourth* to have been acquired have been kept alive, and that all bonds, notes or other obligations or indebtedness or liabilities the exchange of which is so stated to have been arranged for will after such exchange remain alive, and that all such bonds, notes or other obligations or indebtedness or liabilities will upon delivery thereof or of the evidences thereof in pledge hereunder become subject to the lien of this indenture as a first lien thereon.

—certificate as to interest during construction period;

Fifth.—Also in case said bonds or deposited cash are requested for the purpose set forth in clause (*e*) of said subsection A, or for reimbursing the Company for money expended by it for such purpose, a certificate or certificates signed by the Chairman of the Board or the President or one of the Vice-Presidents and by the Comptroller or Treasurer or Chief Engineer of the Company, stating:

(*a*) that interest to an amount specified on First Mortgage Bonds of a specified aggregate principal amount which have been authenticated and delivered or the proceeds whereof have been paid out under the provisions of this indenture with respect to the construction or acquisition of particular property or the performance of particular work (identifying by date, number or otherwise the certificate or certificates previously delivered to the Trustees in which such property or work is briefly described) has actually accrued for the period elapsing after the proceeds of such bonds became available for use and before the receipt or the completion or coming

into service of such property or the completion of such work, and has actually become due or is about to become due, or that expenditures to an amount specified have been actually made by the Company in the payment of such interest, and that the amount of interest so specified is the net amount remaining after deduction of the sums, if any, allowed by the Depositaries hereunder or any other depositaries as interest on unexpended balances of said proceeds during such period.

(*b*) that no part of such interest or such expenditure has been included in any previous certificate made under any provision of this indenture or has been paid, reimbursed, discharged or provided for out of any First Mortgage Bonds or the proceeds thereof or deposited cash or other money received under any of the provisions of this indenture (except bonds or money that shall have been delivered or paid hereunder in reimbursement of other expenditures previously certified under this indenture or the proceeds of bonds so delivered).

Sixth.—Also in case said bonds or deposited cash are requested with respect to the construction or acquisition of any property:

—evidence of vesting of title to new property;

(*a*) evidence acceptable to the Trustees of the execution and delivery to the Company or a subsidiary company of all deeds, conveyances or other instruments necessary to vest the title to such property in the Company or such subsidiary company, subject only to liens or charges certified as required by clause (*c*) of paragraph *Second* or clause (*c*) of paragraph *Third* of subsection D of this Section 2, or liens or charges of the character not required to be certified under the terms of said paragraphs *Second* and *Third;* but in the case of bridges, viaducts,

subways or superstructures, the effect whereof is to relieve the tracks of the Company or of any subsidiary company of the burden of grade crossings, the provisions of this clause (*a*) shall not be operative as to any interest therein, although the same may constitute the entire ownership thereof, that shall vest in any state, county, municipality or other political body, provided that the Company shall obtain and have and subject to the lien hereof or such subsidiary company shall obtain and have the unconditional right, for a term extending beyond the date of maturity of the First Mortgage Bonds, of exclusive use, or joint use with another railway company or other railway companies, of such bridges, viaducts, subways or superstructures or of any street or other land thereby relieved of public use and affording substantially equivalent facilities for the operation of trains.

—supplemental indenture;

(*b*) all supplemental indentures or instruments of further assurance necessary to subject any such property acquired by the Company to the lien hereof subject only to the liens aforesaid.

—opinion of counsel.

(*c*) an opinion of counsel of the Company to the effect that the instruments delivered as called for by the terms of clauses (*a*) and (*b*) of this paragraph *Sixth* are sufficient for the purposes aforesaid or that no such instrument is necessary for either or both of said purposes.

Consent of stockholders to authentication of bonds for extension or feeder.

Seventh.—Also in every case of a request for the authentication and delivery of First Mortgage Bonds or payment of deposited cash in respect to the construction or acquisition of an extension or additional line of railroad of the character mentioned in clause (*a*) of subsection A of this Section 2 or the acquisition of securities

representing or which will represent an extension or additional line of railroad, provided that in any single instance the amount of expenditures and liabilities stated to have been made or incurred for such purpose shall amount to $1,000,000 or more:

(*a*) evidence acceptable to the Trustees that the holders of a majority in amount of such portion of the capital stock of the Company as shall have been present in person or represented by proxy at a meeting of the stockholders of the Company called for such purpose have consented to the authentication and delivery of First Mortgage Bonds or the payment of deposited cash with respect to the acquisition or construction of such extension or additional line of railroad or the acquisition of such securities;

(*b*) evidence acceptable to the Trustees that the holders of a majority in amount of such portion of the capital stock of the Holding Company, if then existing, as shall have been present in person or represented by proxy at a meeting of the stockholders of said corporation called for such purpose have consented to the authentication and delivery of First Mortgage Bonds or the payment of deposited cash with respect to the acquisition or construction of such extension or additional line of railroad or the acquisition of such securities.

(*c*) an opinion of counsel of the Company to the effect that the stockholders' action referred to in each of clauses (*a*) and (*b*) of this paragraph *Seventh* was duly taken in accordance with the by-laws of the respective corporations and with law.

Eighth.—The certificate or certificates furnished in accordance with the provisions of paragraphs *Second, Third, Fourth* and *Fifth* of this subsection D shall in

every case, in addition to the statements required by said paragraphs *Second, Third, Fourth* and *Fifth,* respectively state:

(*a*) that the liabilities or expenditures mentioned in such certificate or certificates have not been and will not be by the Company or any subsidiary company, on its books or in any annual report or in any report made to any governmental commission or officer, charged to operating expenses or like account, and that such liabilities and expenditures are properly chargeable to capital account in accordance with the instructions, classifications, rules and regulations then in force prescribed by the Interstate Commerce Commission (whether or not the Interstate Commerce Commission shall have jurisdiction of the accounting corporation or the keeping of its accounts);

(*b*) that all First Mortgage Bonds theretofore authenticated or delivered or deposited cash theretofore paid out under this Section 2 for any purpose (other than the reimbursement of the Company for previous expenditures) have been used for such purpose, or that a specified amount of such bonds or their proceeds or of such deposited cash which has not been so used is still actually appropriated and set aside for such purpose or is no longer needed for such purpose, and that it is returned therewith to be thereafter again delivered or paid for the purposes and subject to the restrictions set forth in this Section 2.

Reservation of bonds or cash against certified liens.

E.—Whenever a certificate delivered to the Trustees as required by paragraph *Second* or paragraph *Third* of subsection D of this Section 2 shall state the existence of any lien, charge or indebtedness required by the terms of said paragraphs to be certified, there shall be reserved from delivery or payment under this Section 2 First Mortgage Bonds to a principal amount equal to the face amount of the liens, charges

and indebtedness so certified or a sum of deposited cash equal to the net proceeds of such a principal amount of First Mortgage Bonds; and the bonds and deposited cash so reserved shall thereafter be available for delivery or payment (but always subject to the restrictions of this Section 2) only with respect to or after the payment or redemption, or acquisition by the Company and pledge hereunder, of such liens, charges or indebtedness.

Obligations of subsidiary company to be pledged hereunder if bonds authenticated for its benefit.

F.—Before the authentication and delivery of any First Mortgage Bonds or the payment of any deposited cash under this Section 2 in respect of the construction, purchase or acquisition otherwise of any property by or the performance of any work for any subsidiary company or in respect of interest accrued on other First Mortgage Bonds authenticated and delivered, or the proceeds whereof shall have been paid out, for such purpose, or in respect of the acquisition, payment, redemption or exchange of any bonds, notes, obligations, liabilities or indebtedness of, or secured by lien or charge on the property of, any subsidiary company, the Trustees shall require the Company to deliver to them in addition to the documents hereinabove provided for:

1.—Obligations of such subsidiary company of a character, as regards security and priority of lien, if any, rate of interest, date of maturity (which date shall not, however, be later than the date of maturity of the First Mortgage Bonds) and other terms, superior or in the judgment of the Trustees substantially equivalent in rank to any and every of the bonds, notes, obligations, liabilities or indebtedness, if any, of such subsidiary company or secured by lien or charge on its property then outstanding and not pledged hereunder; which obligations shall be in negotiable form and shall be of an aggregate principal amount not less than the principal amount of the First Mortgage Bonds so to be authenticated and delivered or the net proceeds of which are so to be paid out.

2.—A certificate signed by counsel for the Company stating that such obligations are valid and binding obligations of the corporation which issued the same and, if they purport to be secured by lien on any property, are secured by a valid and binding lien upon such property and will, upon delivery to the Trustees for pledge hereunder, become subject to the lien of this indenture as a first lien thereon.

G.—The words "subsidiary company," as used in this indenture, mean any corporation owning any of the lines of railroad, branches, terminals, terminal facilities, shops, bridges, equipment, real estate or other property owned by the Company at the time of the execution of this indenture or any property the acquisition whereof by the Company would be included within the terms of clause (*a*) or clause (*b*) of subsection A of this Section 2, all of the capital stock whereof (except shares necessary to qualify directors) shall at the time be owned by the Company and pledged under this indenture, provided that either (1) at the time referred to such corporation shall have no outstanding indebtedness or liens or charges upon its property of the nature mentioned in and required to be certified under clause (*c*) of paragraph *Third* of subsection D of this Section 2, or (2) First Mortgage Bonds shall have been delivered or deposited cash paid out under and as authorized by the provisions of this Section 2 with respect to the acquisition of the securities of such corporation.

Definitions:

—"subsidiary company;"

The word "liability" as used in this Section 2 means an absolute money liability, which at the time with reference to which such word is used is not subject to be defeated in any contingency and in respect whereof the Company's obligation to make payment at the time of the authentication and delivery of the bonds or the payment of the deposited cash called for to provide for such liability shall have fully matured for work substantially performed for and accepted by, or for

—"liability;"

property accepted by and in the possession of or ready for immediate delivery and acceptable to, the Company or a subsidiary company; and for any of the purposes of this indenture the amount of any such liability shall include the interest on as well as the principal of the Company's obligation.

—"lien" and "charge."

The words "lien" and "charge," as used in this Section 2, shall be deemed to include, among other things, deferred instalments of the purchase price of property in every case where title thereto has not then vested in the purchaser or, having so vested, is subject to a vendor's lien or any right of the seller to retake or enforce a charge upon such property upon default in the payment of such deferred instalments of the purchase price and also the deferred payments to be made or rentals to be paid under any conditional sale agreement or lease or trust agreement covering equipment.

Depositaries.

SECTION 3.—The Company may at any time and from time to time, by resolution of its Board of Directors or Executive Committee, a certified copy whereof shall be delivered to the Trustees, appoint any one or more banks, trust companies or banking firms or corporations as depositaries under this indenture (herein called the "Depositaries"). The corporate Trustee may act as and shall be deemed to be one of the Depositaries. All cash required or

Cash deposited hereunder to be deposited with Depositaries.

authorized by any of the provisions of this indenture to be deposited hereunder shall be deposited with a Depositary or Depositaries in special account to the credit of and subject to the order of the Trustees. Upon every deposit with a Depositary such Depositary shall deliver to the Trustees and to the Company an appropriate instrument in triplicate acknowledging receipt of the sum deposited and agreeing to pay the same from time to time only upon the written order of the Trustees. Any Depositary shall be protected by any such order in any payment made upon the faith thereof and shall not be under any obligation to see to the application of the amount so paid.

Company may fix proportions.

The Company may from time to time fix the proportions or amounts in which deposits hereunder shall be made with the several Depositaries, and may revoke the appointment of any Depositary or reduce or increase the amount deposited hereunder with any Depositary, and, accordingly, pursuant to the written request of the Chairman of the Board or President of the Company, the Trustees shall order the transfer from one Depositary to another of the sums deposited, respectively; provided, however, that there shall not at any time be on deposit hereunder with any one bank or trust company an amount greater than one-half of the capital and surplus of such bank or trust company; and provided, further, that no deposit shall be made or permitted to remain with any Depositary of which the Trustees shall in writing disapprove.

Interest at such rate as shall be agreed upon with the Company shall be allowed by each Depositary and paid to the Company except as otherwise herein provided.

Cash deposited hereunder to be subject to lien hereof.

SECTION 4.—All sums required by any of the provisions of this indenture to be deposited hereunder shall be deemed (whether deposited with the corporate Trustee or any of the other Depositaries) to be held by the Trustees in trust and to be subject to the lien of and to constitute part of the security provided by this indenture, and, except as may be inconsistent with the several provisions hereof, shall be deemed to be included in the term "trust estate" until paid out from time to time as by any of the provisions of this indenture permitted; and if the trust estate or any part thereof shall be sold under the power of sale herein contained or any decree of court based hereon, all such sums then remaining deposited hereunder shall be added to the proceeds of such sale and dealt with as if the same were a part thereof.

Delivery of documents under this Article.

SECTION 5.—The orders, copies of resolutions, requests, certificates, opinions and other documents provided for in this Article in each particular instance may be delivered to either

of the Trustees, but, unless delivered to the two Trustees separately, shall be delivered in duplicate, and the Trustee receiving them in duplicate shall without delay transmit one set to the other Trustee. When so delivered to either of the Trustees, they shall be deemed to be delivered to the Trustees and may be received by the Trustees and each of them as full authority for the authentication and delivery or reservation of First Mortgage Bonds or the payment or reservation of cash under this Article and, without further inquiry by him or it, shall be full protection to the Trustees and each of them for all action or non-action on the faith thereof. Every certificate required by any of the provisions of this Article Second shall state that every statement of fact contained therein is true to the knowledge of a specified person signing such certificate or is founded upon and accords with the records of the Company or a specified subsidiary company and is believed by such person to be true. Either of the Trustees, however, may, but shall not under any circumstances be required to, make further inquiry with regard to any statements contained in any such instruments, or call for the opinion of counsel selected or approved by him or it (who may be counsel for the Company) with regard to any question of law arising in connection with the authentication or delivery of First Mortgage Bonds or the payment of cash, whether or not such question shall have been covered by any other opinion of counsel furnished under the provisions of this Article Second, and may receive any such opinion of counsel as conclusive evidence with regard to the matters covered thereby. If either of the Trustees shall determine to make such further inquiry, he or it shall be entitled to examine, at the expense of the Company, any or all of the property, employes, books and records of the Company or any subsidiary company and, unless satisfied as to the truth and accuracy of the statements so investigated, shall not be obliged to act upon the faith of the instrument containing them; but, in case either Trustee shall refuse to accept

Protection of Trustees.

Further inquiry by Trustees.

Opinion of counsel.

or act on the faith of any such instrument, he or it shall promptly notify the Company in writing of such refusal and the reasons therefor.

SECTION 6.—In case any of the events of default specified in Section 2 of Article Sixth of this indenture shall have happened, the right of the Company under any of the provisions of this Article Second to obtain the authentication and delivery of First Mortgage Bonds or the payment of cash deposited hereunder shall forthwith cease and the Trustees shall not thereafter authenticate and deliver any bonds or pay out any cash, provided that, if such default shall be remedied and waived as provided in Section 3 of said Article Sixth, the right of the Company to obtain the authentication and delivery of bonds and the payment of cash shall forthwith revive, but shall cease again whenever thereafter an event of default shall happen.

Right to obtain authentication or payment to cease on event of default.

ARTICLE THIRD.

REDEMPTION OF BONDS—SINKING FUND.

SECTION 1.—Upon previous advertisement of notice as hereinafter in this Section 1 provided, the Company shall have the right, provided it shall have complied with the provisions of this Article Third applicable in the premises, to redeem and pay off all or any part (which may be any portion not less than $1,000 of the face amount of any bond) of any series of First Mortgage Bonds on any semi-annual interest payment date of such series at the face amount thereof and accrued interest on such face amount to the date of redemption, and such premium, if any, as shall be expressed in the bonds of such series.

Any series redeemable in whole or part on interest date.

In case less than all of the outstanding bonds of any series are to be redeemed, the Company shall, at least ten days prior to the date on which the first publication of the notice of redemption hereinafter provided for is required to be

Drawing of bonds in case less than whole series is to be redeemed.

made, deliver to the Trustees a statement specifying the principal amount of bonds which it desires to redeem, designating the series thereof and fixing the date for such redemption, and thereupon the Trustees shall draw by lot, in such manner as they shall determine, from the numbers of all of the outstanding bonds of such series (other than bonds already owned or theretofore acquired by the Company whether for the sinking fund or otherwise) bonds up to the principal amount specified (using, in case such outstanding bonds are of different denominations, some reasonable and uniform method of grouping bonds of small denominations and dividing bonds of large denominations, so that equal units in principal amount of bonds shall be drawn), and shall, within ten days after receiving the statement aforesaid, notify the Company of the bonds or portions of bonds so drawn.

Publication of notice in New York and San Francisco.

Notice of the election of the Company to redeem any or all of the bonds of any series shall be given by publication in two daily newspapers of general circulation published in the Borough of Manhattan, in the City of New York, and in one daily newspaper of general circulation published in the City and County of San Francisco at least once in each calendar week (in each instance on any day of the week) for eight successive weeks, the first publication to be not less than sixty nor more than ninety days before the date of redemption designated in such notice. Such notice shall state that the Company has elected to redeem and pay off all of the bonds of one or more series, designating such series, or bonds designated by number or identified otherwise in such notice and specified portions of the principal amount of any specified bonds, as the case may be, and that on the interest payment date designated therein as the date of redemption there will become and be due and payable upon such bonds, at the place or places where such bonds are by their terms payable, respectively, each whereof shall be specified, the face amount

of the bonds or portions thereof to be redeemed and the accrued interest on such face amount and portions thereof to such date, and, if provided for by the terms of such bonds, a specified premium. It shall be the duty of the Secretary of the Company to cause similar notices to be published in a newspaper of general circulation published in each of the other cities where any of the bonds to be redeemed are by their terms payable at least once in each calendar week (in each instance on any day of the week) for eight successive weeks, the first publication to be not less than sixty nor more than ninety days before the date of redemption designated in such notice, and also to cause similar notices—addressed to the Trustees and all of the persons severally who shall appear upon the books kept by the bond registrar or registrars to be the owners of registered bonds or coupon bonds registered as to principal which are to be redeemed in whole or in part, at their addresses as the same shall appear upon such books—to be deposited in the United States mail, postage prepaid, at least sixty days prior to such redemption date. Failure, however, so to publish any such notice or notices in any city other than the cities of New York and San Francisco or so to mail any such notice or notices shall not affect the validity of any proceedings for the redemption of First Mortgage Bonds, but upon full advertisement of such notice in the cities of New York and San Francisco, and without other prerequisite or condition, all bonds and portions thereof so to be redeemed shall, on the interest payment date and at the place or places designated in such notice, become due and payable at the rate specified therein, and from and after the date of redemption so designated (unless the Company shall make default in the payment of such bonds), interest on said bonds and portions of bonds shall cease and all unmatured coupons for interest appertaining to said bonds shall become and be null and void.

—In other cities

Mailing of notice.

Upon redemption as aforesaid the sums so due and

Payment on redemption.

payable for principal and premium, if any, upon the coupon bonds shall be paid to the bearers thereof, or if registered to the registered owners thereof, on surrender of the bonds and of all coupons for interest thereon unmatured on the date of redemption (except destroyed coupons which have ceased to be enforcible). The accrued interest represented by coupons maturing on the date of redemption and coupons previously matured shall continue to be payable (but without interest thereon unless the Company shall make default in the payment thereof) to the respective bearers of such coupons. The sums so due and payable upon registered bonds without coupons for principal and accrued interest and premium, if any, shall be paid to the registered owners thereof or their assigns upon surrender of the bonds. When a

Partial redemption of a bond.

portion of the face amount of a bond is to be redeemed, the Company, without charge therefor, shall execute and the Trustees shall authenticate and deliver a like amount of new bonds of the same series and tenor in lieu of the unredeemed portion of the face amount of the bond upon surrender of such bond as aforesaid.

Deposit to credit of unsurrendered bonds.

If at any time on or after the date fixed for the redemption of any bond or portion thereof such bond shall not have been presented for payment, the Company may deposit with any of the Depositaries to the credit of such bond or portion thereof designated by number or otherwise and subject to the order of the Trustees, a sum of cash equal to the amount payable on the redemption of such bond or portion thereof, and such deposit shall constitute full payment of such bond or portion thereof so called for redemption, and of the coupons or claims for interest payable upon such bond or portion thereof, as between the Company and every holder thereof. The sum so deposited shall constitute a trust fund for the holder of such bond but no interest shall accrue thereon in his favor. Any interest allowed by any Depositary on such sum shall be paid to the Company. Thereupon and

thereafter such bond or portion thereof and the coupons or claims for interest thereon shall be excluded from participation in the lien and security afforded by this indenture and the holder shall look for payment only to the fund so deposited and in no event to the Company or the trust estate. Upon surrender, as aforesaid or by the Company, to the Trustees of any bond (with coupons, if any, unmatured at the date of redemption fixed as hereinabove provided), the redemption whereof or of any portion whereof shall have been so provided for, the Trustees shall pay to the bondholder or to the Company surrendering the same the sum so held upon deposit to the credit of such bond.

Bonds redeemed to be canceled or stamped.

SECTION 2. All First Mortgage Bonds redeemed pursuant to the provisions of this Article Third shall be canceled or indelibly stamped with a statement that they have been so redeemed. In case, however, any or all of the First Mortgage Bonds theretofore outstanding (except bonds in place of which other bonds shall be issued as permitted by Section 4 of Article First hereof and also except bonds acquired for the sinking fund pursuant to the provisions of Section 4 of this Article Third) shall at any time hereafter be refunded with or exchanged for or their payment, redemption or retirement otherwise provided for by means of refunding bonds or other obligations of the Company issued under a mortgage or other instrument which shall provide that the First Mortgage Bonds so redeemed pursuant to the provisions of this Article, notwithstanding that they shall have been canceled or marked "canceled" or otherwise perforated or mutilated, shall be deposited with the trustee or trustees under such new mortgage or other instrument as security for such refunding bonds or other obligations, the First Mortgage Bonds so redeemed and deposited shall be deemed to remain alive and unextinguished in the hands of the trustee or trustees under such new mortgage or other instrument for the

Redeemed bonds may be kept alive to secure refunding bonds hereafter issued.

security of such refunding bonds or other obligations (but subject and subordinate, in priority of claim against the Company and any successor or purchasing corporation and in lien upon the trust estate, to the prior payment in full of all of the First Mortgage Bonds that shall not have been so redeemed or paid and of all coupons and claims for interest thereon) and, for such purpose and to such extent, the lien thereof and of this indenture shall be deemed to be unimpaired and the trustee or trustees under such new mortgage or other instrument shall be subrogated to all of the rights of holders of the First Mortgage Bonds so redeemed.

Application of cash deposited hereunder to redemption of entire issue.

Section 3.—In case all of the First Mortgage Bonds outstanding shall at any time be called for redemption, all cash then deposited hereunder pursuant to any of the provisions of this indenture (except sums of money placed to the credit of other particular unsurrendered bonds pursuant to the provisions of this Article) shall, upon request of the Company expressed in a resolution of its Board of Directors, be applied by the Trustees to the redemption and payment of the bonds so called for redemption, and any such cash in excess of the amount necessary for such redemption shall be payable to the Company.

Sinking fund.

Section 4.—The Company will create a sinking fund to be specially applied as hereinafter provided to the purchase or redemption of First Mortgage Bonds and for that purpose will pay out of any income lawfully applicable thereto, after payment of operating expenses of every description, taxes and interest upon the First Mortgage Bonds, and deposit hereunder with one or more of the Depositaries as provided in Section 3 of Article Second, the sum of $50,000 on January first of each year commencing with the year 1919.

Company to deposit $50,000 a year.

(*a*) Immediately upon the making of any such deposit for the sinking fund or from time to time whenever there shall be on deposit hereunder for account of the sinking fund

moneys available therefor, the Trustees may (unless the Company shall have requested them to proceed as provided in clause (*b*) of this Section 4) and, at the request in writing of the Company shall, purchase for the sinking fund in open market or at private sale or upon any exchange at the then market price thereof or at the best price at which the same shall be obtainable as many of the First Mortgage Bonds as can be acquired with the amount so held in the sinking fund, provided that no purchase shall be made of any First Mortgage Bond at a price exceeding the redemption price expressed therein. Purchase of bonds for sinking fund.

(*b*) The Trustees, if requested in writing so to do by the Company at the time of any such deposit for the sinking fund, shall cause an advertisement to be published at least once a week for four successive calendar weeks (in each instance on any day of the week) in a daily newspaper of general circulation published in the Borough of Manhattan in the City of New York and in a daily newspaper of general circulation published in the City and County of San Francisco, calling for tenders (to be submitted to the Trustees at a specified place on or before a date to be designated in such advertisement) of First Mortgage Bonds to an amount to be named in such notice (not exceeding an amount estimated to be purchaseable with the moneys then held in the sinking fund) for purchase for the sinking fund at a price not exceeding the respective redemption prices thereof expressed in such bonds. Upon receipt of such tenders, the Trustees shall accept the tenders which, in the exercise of their absolute discretion, they shall deem most favorable to the interest of the holders of all of the First Mortgage Bonds up to an amount of First Mortgage Bonds sufficient, at the price or prices at which they are tendered (not exceeding such respective redemption prices), to exhaust the amount of moneys then held in the sinking fund or the amount named in such notice and shall, out of the Call for tenders.

moneys so held, cause to be taken up and paid for the bonds, the tenders whereof are so accepted.

Unexpended money to be applied to redemption of bonds.

(*c*) If there shall not, prior to the first day of May in any year, have been purchased, pursuant to the provisions of clause (*a*) or clause (*b*) of this Section 4, a sufficient number of First Mortgage Bonds to permit the application thereto of substantially all of the moneys then held in the sinking fund, the Trustees shall forthwith call for redemption, in the manner and at the price or prices provided for in Section 1 of this Article, and cause to be paid out of the moneys then held in the sinking fund, First Mortgage Bonds then outstanding to such an aggregate principal amount as the moneys then held in the sinking fund will suffice so to redeem; and in such event the Trustees may, for the purposes of such redemption, perform all acts and take all proceedings which, under the terms of said Section 1 should or may be taken by the Company, including the setting aside and reservation of sums to the credit of First Mortgage Bonds or portions thereof which shall be called for redemption but shall not have been presented for redemption.

Bonds purchased or redeemed for sinking fund to be canceled.

(*d*) All First Mortgage Bonds which shall be purchased or redeemed by the sinking fund, as hereinabove provided, shall be canceled and delivered to the Company and shall be deemed to be wholly extinguished. All interest allowed by the Depositaries or any of them on any moneys held in the sinking fund shall be added to the sinking fund.

ARTICLE FOURTH.

PARTICULAR COVENANTS OF THE COMPANY.

The Company covenants as follows:

Covenant to pay principal and interest.

SECTION 1.—It will duly and punctually pay the principal of and interest upon every First Mortgage Bond at the dates and places and in the manner mentioned in such bond or in the coupons thereto belonging or in any notice of redemption

given as provided in Article Third hereof, according to the true intent and meaning of such bonds, coupons and notice. Such payment shall be made in accordance with the respective provisions of the bonds as to deduction for taxes, assessments or governmental charges, and, if so provided in any of such bonds, the Company hereby assumes the payment of such taxes, assessments and charges to the extent and with the exceptions, if any, to be expressed in such bonds.

Coupons not to be extended.

The Company will not directly or indirectly extend or assent to the extension of the time for the payment of any coupon or claim for interest on any of the First Mortgage Bonds and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding said coupons or claims for interest or in any other manner.

Covenant to maintain office or agency in New York;

SECTION 2.—The Company will maintain an office or agency in the Borough of Manhattan in the City of New York where notices or demands in respect of any of the First Mortgage Bonds or coupons may be served and will appoint some person having his place of business at such office or agency as the agent of the Company upon whom process in any action or proceeding brought by the Trustees or either of them (or any of the bondholders, if not inconsistent with the terms of this indenture) may be served. In case any First Mortgage Bonds are made payable as to principal or interest or both in any other place or places, the Company will keep an office or agency in such place or places where such bonds and their coupons may be presented for payment of such principal or interest or both, as the case may be. From time to time the Company will give written notice to each of the Trustees of the address of each such office or agency (or of some one or more banks, bankers or trust companies which may be designated by the Company for such purpose) and of the appointment of such agent for the service of process and of any change of such addresses or agent. In default of such written notice, notices and demands may be

—in other places.

served at the office in said Borough of Manhattan of the individual Trustee and process may be served as aforesaid upon the individual Trustee, who, in that event, shall be deemed and be the representative of the Company for such purpose, but the individual Trustee shall be under no duty or obligation with respect to any such notice, demand or process.

After-acquired property to become subject to lien hereof without further conveyance.

SECTION 3.—All property of every kind conveyed, assigned or pledged, or which it is covenanted and agreed shall be conveyed, assigned or pledged, to the Trustees under this indenture or shall in any way pass under or be or become subject to this indenture, immediately or immediately upon the acquisition thereof by the Company to the extent of such acquisition and without any further conveyance or assignment shall become and be subject to the lien of this indenture as fully and completely as though now owned by the Company and specifically described in the granting clauses hereof; but at any and all times the Company will make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, all such conveyances, assignments and further assurances in the law for the better conveying, assigning and confirming such property unto the Trustees and specifically subjecting the same to the lien of this indenture as the Trustees or either of them shall reasonably require.

Covenant for further assurances.

Supplemental indentures.

The Company and the Trustees may at any time and from time to time, without action on the part of the bondholders, enter into an indenture or indentures supplemental hereto for the purpose of (1) subjecting to the lien of this indenture additional lines of railroad acquired by the Company or a subsidiary company (but if any such additional line shall connect with a line of railroad at the date of such supplemental indenture owned by the Company and subject hereto or owned by a subsidiary company by ferry, or by bridge or railroad, over which the Company or the corporation owning such connecting line of railroad shall have contract right

of exclusive or joint use through its own motive power or by the motive power of any union depot or other company or in any similar manner, such contract and every renewal or extension thereof shall also be assigned or pledged hereunder); (2) evidencing the succession of another corporation to the Company in compliance with the provisions of Article Tenth hereof; (3) adding to the limitations and restrictions on the authentication and delivery of bonds or payment of deposited cash or other money under Article Second hereof other limitations or restrictions thereafter to be observed, or adding to the covenants or agreements of the Company for the protection of the bondholders and of the trust estate; (4) making such provision or changes in regard to the terms of any of the First Mortgage Bonds or coupons or bond scrip certificates or any other matters or questions of procedure or administration arising under this indenture as may be necessary or desirable and shall not be inconsistent with the provisions or the intent of this indenture and shall not in any manner or degree impair the lien or security of the bonds then secured hereby.

Prior lien or subsidiary company's obligations not pledged hereunder to be paid, renewed, extended or replaced.

SECTION 4.—The Company will at or before maturity thereof pay or acquire or cause to be renewed or extended or cause other bonds or obligations to be issued in substitution for all bonds, notes, obligations, liabilities and indebtedness not pledged hereunder of a subsidiary company or secured by lien or charge prior in lien to this indenture upon any part of the trust estate or outstanding on any property of a subsidiary company. Subject to the provisions of Section 4 of Article Fifth hereof, the Company will strictly perform and observe or cause to be strictly performed and observed all of the covenants and conditions in such bonds, notes, obligations, liabilities and indebtedness or in any mortgage or deed of trust securing the same.

Covenant not to permit prior liens.

SECTION 5.—The Company will not voluntarily create or suffer to be created (or to exist except as expressly provided for in this indenture) any lien or charge having priority to the

lien of this indenture upon the trust estate or any part thereof or upon the income thereof, except such claims of material men, mechanics, laborers and like claims as the Company shall be bound to discharge as next hereinafter provided; and within three months after the same shall accrue it will pay or cause to be discharged or will make adequate provision for the satisfaction or discharge of all lawful claims and demands of material men, mechanics, laborers and others which, if unpaid, may by law be given precedence to this indenture as a lien or charge upon the trust estate or any part thereof or the income thereof. If any subsidiary company shall create or suffer to be created any lien or charge upon its property or income or any indebtedness other than indebtedness to the Company or another subsidiary company or for current operating expenses for a period not exceeding six months, then the Company promptly will cause the same to be paid or discharged or will make adequate provision for the satisfaction and discharge thereof or will acquire and pledge the same hereunder.

Nothing in this Section 5 contained shall require the Company to pay, discharge or acquire any claim, demand, lien, charge or indebtedness so long as the Company or a subsidiary company shall in good faith contest the validity thereof.

Covenant to pay taxes.

SECTION 6.—The Company from time to time will pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges (the lien whereof would be prior to the lien hereof) lawfully imposed upon the trust estate or any part thereof or the income thereof or upon the interest of the Trustees or either of them in such trust estate or income, so that the priority of this indenture shall be fully preserved at the cost of the Company; and, if any subsidiary company shall fail to pay any tax, assessment or governmental charge lawfully imposed on the property of such subsidiary company or the income thereof, the Company will

promptly pay the same or make adequate provision for the satisfaction and discharge thereof.

Nothing contained in this Section 6 shall require the Company to pay any such tax, assessment or charge so long as the Company or a subsidiary company in good faith shall contest the validity thereof.

Covenant not to suffer default under leases.

SECTION 7.—The Company (unless it first shall have obtained the written consent thereto of the Trustees) will not suffer or permit any default wherefor any lessor may terminate any lease subject to the lien of this indenture or whereby any trackage rights or rights of use or operation subject to the lien of this indenture may be terminated.

In case any such default shall be made or in case the Company shall fail to pay any sum which in Section 5 or Section 6 of this Article it covenants to pay or discharge, the Trustees may (but shall not be obliged to) pay any sum so in default and the Company agrees that it will forthwith repay all sums so advanced, together with interest at the rate of six per cent. per annum, and the Trustees shall have a lien therefor upon the trust estate in priority to the First Mortgage Bonds and coupons.

Covenant as to stock and indebtedness of subsidiary companies.

SECTION 8.—The Company will not sanction or permit the issue of any additional shares of stock of any subsidiary company or the creation of any indebtedness of any subsidiary company (except current indebtedness arising from operation for a period not exceeding six months) or the issue, pledge, sale or other disposition of bonds, notes or other evidences of indebtedness of any subsidiary company or the making of any guaranty by any subsidiary company or the creation of any mortgage or other lien upon the property of any subsidiary company (other than (*a*) equipment obligations for the purchase price of equipment secured by an instrument of trust or conditional sale covering only such equipment and (*b*) bonds or other obligations in renewal or extension of or

in exchange for indebtedness outstanding and not pledged hereunder) unless effective provision be made that such additional stock and the bonds and notes so issued, sold, pledged or otherwise disposed of or the securities so guaranteed and the mortgage or other lien on such property shall immediately, upon the issue or creation thereof, be pledged hereunder, and all such additional stock shall be full paid and non-assessable. Nothing herein contained shall prevent the increase or decrease or classification or reclassification or alteration otherwise of the terms of stock of a subsidiary company, provided that all of the issued stock of such subsidiary company (except shares necessary to qualify directors) shall continue to be pledged hereunder.

Covenant as to sale or lease by subsidiary company.

The Company will not sanction or permit any subsidiary company to sell, lease or otherwise dispose of its property except as expressly provided by the provisions of Article Fifth or Article Seventh hereof.

Covenant to preserve franchises and property.

Section 9.—The Company will diligently preserve all of the rights and franchises to it granted and upon it conferred and will at all times maintain, preserve and keep its railroad system and property in good repair, working order and condition and will from time to time make all needful and proper repairs, renewals and replacements and alterations, additions, betterments and improvements; and will cause each subsidiary company to preserve its rights, franchises and property in like manner and to like extent.

Equipment to be marked.

All equipment upon which this indenture is or shall be a first lien shall be marked so as to identify the same as equipment subject to this indenture as a first lien thereon, and the Company will at all times keep such equipment in good order and condition, reasonable wear and tear excepted, and marked distinctively as aforesaid, and will replace such of said equipment as shall be worn out or destroyed with other equipment of at least equal value on which this indenture shall constitute a first lien.

Covenant to maintain equipment.

The Company will, at such times as the Trustees may request, furnish to them a complete list of all equipment upon which this indenture is or shall be a first lien; but the fact that any such equipment shall not be marked or included in such list shall not create any presumption that the same is not subject to this indenture as a first lien thereon.

Covenant to issue and use bonds in accordance herewith.

SECTION 10.—The Company will not issue, negotiate, sell or dispose of any of the First Mortgage Bonds or use any of the proceeds thereof except for the purposes and in accordance with the agreements herein contained. The Company will apply all of the proceeds of the $20,000,000 face amount of First Mortgage Bonds to be authenticated and delivered as provided in Section 1 of Article Second hereof, which by the terms of said Section 1 the Company is permitted to retain without depositing the same hereunder, to some one or more of the following purposes, viz.:

Covenant to apply undeposited portion of proceeds of $20,000,000 of bonds only to certain purposes.

(*a*) to the payment of the expenses of incorporating and organizing the Company, the acquisition of property heretofore belonging to Western Pacific Railway Company or its receivers and the issue of the Company's securities and expenses incidental, preparatory or preliminary to said proceedings or some of them (including, among other things, the compensation of trustees and counsel paid or incurred in connection with the foreclosure of said First Mortgage of Western Pacific Railway Company and also the payment of interest upon moneys the benefit whereof the Company shall have received in connection with any such proceedings);

(*b*) to the reasonable expense of protecting or bettering the traffic arrangements of the Company;

(*c*) to use as working capital to such extent as may reasonably be deemed necessary by the Board of Directors of the Company;

(*d*) to some one or more of the purposes enumerated in Section 1 of Article Second hereof.

Covenant to record mortgage.

Section 11.——The Company will cause this indenture and every indenture or other instrument supplemental thereto to be registered, recorded and filed and to be kept filed as a mortgage of real property and as a mortgage of personal property in every county and other proper political subdivision of the states in which any of the property subject hereto shall be situated and will do all such other acts as may be required by law in order to maintain this indenture as a valid and enforceable lien upon the property hereby mortgaged or declared or agreed to be mortgaged and fully to protect the holders of the bonds and the rights of the Trustees.

The Company will not consolidate or merge with or sell the trust estate as an entirety to any other corporation or body save as provided in and upon the terms and conditions expressly permitted by the terms of Article Tenth hereof.

Covenant as to insurance.

Section 12.—The Company will at all times insure and keep insured for a fair value so much of the trust estate as is of the character customarily insured by railroad companies. All sums received by virtue of any such insurance and all monies collected from other companies in respect to damage to or destruction of rolling stock or other equipment shall be applied by the Company to make good such loss or damage either by repairing the property damaged or replacing the property destroyed or otherwise within twelve months after the receipt thereof and until so used shall be deemed part of the trust estate, but if not so used within said time shall be deposited hereunder, to be thereafter paid out only for the purposes and subject to substantially the same restrictions provided in, and upon resolutions, certificates, opinions and other instruments substantially similar to those required by, Section 2 of Article Second of this indenture with reference to deposited cash, at the rate, however, of $1,000 of such money for every $1,000 principal amount of First Mortgage

Application of insurance money.

Bonds which might be authenticated and delivered pursuant to said Section 2 of Article Second. All property substituted for property so lost or destroyed shall *ipso facto* become subject to the lien of this indenture in like degree.

The Company will cause the property of every subsidiary company to be insured and kept insured to like extent and in like manner.

Subsequent mortgages on mortgaged property to be subject hereto.

SECTION 13.—In case the Company shall hereafter mortgage any of the property which is, or by the terms hereof purports to be or which is intended to become, subject hereto, such mortgage shall be, and shall be expressed to be, subject to the prior lien of this indenture for the security of all First Mortgage Bonds then or thereafter to be outstanding hereunder.

ARTICLE FIFTH.

AS TO STOCK AND BONDS PLEDGED HEREUNDER.

Trustees may deal with pledged securities for purposes hereof.

SECTION 1.—The Trustees may make any transfer, delivery, exchange, surrender or other disposition of the stocks, bonds and other securities pledged hereunder that may be required from time to time for the purpose of carrying out the objects of this indenture and protecting the lien hereby intended to be created, including the following:

(*a*) the sale, transfer or release of shares to qualify directors or officers;

(*b*) the exchange of coupon bonds for registered bonds and registered bonds for coupon bonds and the registration of coupon bonds and the exchange of securities of one denomination for securities of another denomination of the same issue;

(*c*) the transfer of any stock or registered bonds or other obligations into the name of the Trustees or either of them or any nominee or nominees of the Trustees;

(*d*) the surrender or exchange of stocks, bonds or other securities upon foreclosure, reorganization or readjustment as provided by Section 5 of this Article Fifth; or upon any consolidation, merger or sale or dissolution of or by a subsidiary company permitted by Section 6 of this Article Fifth;

(*e*) the surrender or exchange of stock of a subsidiary company, the capital stock of which shall be increased or decreased or classified or reclassified or otherwise altered as permitted by Section 8 of Article Fourth hereof;

(*f*) the presentation of any bonds or obligations for stamping, endorsement or other alteration to evidence any renewal or extension permitted by Section 7 of this Article Fifth;

(*g*) the surrender of bonds or other obligations upon substitution of other bonds or obligations as permitted by Section 7 of this Article Fifth;

(*h*) the surrender of bonds or other obligations upon the release of the indebtedness evidenced thereby or upon the acquisition of the property securing the same as permitted by Section 7 of this Article Fifth.

The Trustees may deposit any securities held by them in a safe deposit box or elsewhere in the City of New York or elsewhere within the United States. They may, and upon the request in writing of the Company shall, cause any bonds, notes or other obligations pledged hereunder to be stamped: "Not negotiable; held by First Federal Trust Company and Henry E. Cooper, as Trustees, for the purposes declared in the First Mortgage of The Western Pacific Railroad Company dated June 26, 1916."

Neither the Trustees nor either of them shall be obliged to accept a certificate for any share of stock in any corpora-

tion or to cause or permit a transfer thereof to be made to them, him or it if, in the opinion of such Trustees or Trustee, such action will subject them, him or it to the risk of liability or expense.

Income of pledged securities payable to Company until default.

SECTION 2.—Unless some one or more of the defaults or contingencies specified in Section 2 of Article Sixth hereof shall have occurred, whether or not any such default shall have continued for the period of grace, if any, in said Section 2 allowed with respect thereto, the Company shall be entitled to receive, free from the restrictions of this indenture, all interest upon the bonds, obligations, indebtedness and claims pledged or assigned hereunder and all dividends on the shares of stock pledged hereunder, provided such interest or dividends shall have been paid out of the income, profits, revenues or proceeds of operation of the corporation issuing or liable upon or under such securities (except interest and dividends paid in case of the liquidation or dissolution of such corporation, but not excepting accrued interest paid out of accumulated net income in addition to full payment of principal and accumulated dividends on preferred stock, if any, paid out of surplus without impairment of capital as provided in the certificates therefor); and the Trustees or either of them shall make such delivery of coupons and execute such assignments, releases, dividend orders and other instruments as may be required for that purpose, provided that any coupon or right to interest or dividends delivered or assigned to the Company shall, until paid or discharged, remain subject hereto and shall not be enforced by legal proceeding or extended except with the consent of the Trustees.

Company may vote pledged stock until default.

SECTION 3.—Unless some one or more of the defaults or contingencies specified in Section 2 of Article Sixth hereof shall have occurred, whether or not any such default shall have continued for the period of grace, if any, in said Section

2 allowed with respect thereto, the Company shall have the right to vote upon all of the shares of stock pledged hereunder and to execute waivers of notice, consents and other instruments as the owner or in respect of any of such stock, for all purposes not inconsistent with the provisions or intent of this indenture; and from time to time, on demand of the Company, the Trustees shall execute and deliver, or cause to be executed and delivered, to the Company or its nominee or nominees such proxies or powers of attorney as may be necessary for such purpose.

Pledged obligations to be held by Trustees as purchasers.

SECTION 4.—Unless and until cancelled in accordance with the provisions of Section 7 of this Article Fifth, all bonds, notes, obligations and indebtedness pledged hereunder shall be held by the Trustees as purchasers, without extinguishment or impairment of lien, and shall be and remain valid and existing obligations in all respects and, if past due, valid unpaid past due obligations, entitled to the full benefit of all liens, titles, rights and security under all mortgages, deeds of trust or other instruments securing or purporting to secure the same, and the Trustees shall be vested with all rights and liens to which the holders of such bonds, notes, obligations or indebtedness shall have been entitled at or immediately prior to the time of the purchase or acquisition otherwise thereof by the Company or the pledge thereof hereunder.

Pledged prior lien obligations not enforceable until default hereunder.

Neither the principal of nor the interest upon any bonds, notes, obligations or indebtedness pledged hereunder, secured by any lien or charge prior to the lien of this indenture upon any part of the trust estate, either at or after the respective dates when the same shall become due in accordance with the terms thereof, shall be enforceable against the Company or its property unless or until some one or more of the defaults or contingencies specified in Section 2 of Article Sixth hereof shall have occurred, whether or not any such default shall have continued for the period of grace, if any, in said Section 2 allowed with respect thereto, but upon the occurring of any

one or more of the defaults or contingencies so specified, then and thereupon all such bonds, notes, obligations and indebtedness then pledged hereunder and all interest maturing thereon on or subsequent to the date on which such default or contingency shall occur and all of the provisions of any and every mortgage, deed of trust and other instrument securing any thereof shall be enforceable by or at the suit of the Trustees in accordance with the terms of such bonds, notes, obligations, the evidences of such indebtedness and such mortgages, deeds of trust and other instruments respectively.

Enforcement of pledged securities.

SECTION 5.—Subject to the provisions of Section 4 of this Article Fifth, in case default shall be made in the payment of the principal of or interest upon any bonds, notes, obligations or indebtedness pledged hereunder, or of any other bonds, notes or obligations, secured by the same mortgage or deed of trust or other instrument as such bonds, notes or obligations, or in the due observance or performance of any covenant or condition contained in any of such bonds, notes or obligations or the evidences of such indebtedness or in the mortgage or deed of trust or other instrument securing the same, then and in every such case, the Trustees, upon the written request of the Company and upon receiving reasonable indemnity, if required, shall, if authorized so to do by the provisions of such obligations or instruments, institute or join in the institution of proper proceedings for the enforcement of such pledged bonds, notes, obligations or indebtedness and for the foreclosure or enforcement of the mortgage or deed of trust or other instrument by which such bonds, notes or obligations are secured or otherwise to collect the amounts due thereon or to realize the value thereof. If some one or more of the defaults or contingencies specified in Section 2 of Article Sixth hereof shall have occurred, whether or not any such default shall have continued for the period of grace, if any, in said Section 2 allowed with respect thereto, the Trustees (or either of them with the consent of the other) may, and if

directed so to do in writing by the holders of a majority in amount of the First Mortgage Bonds outstanding and indemnified with respect to such action as hereinafter provided shall, institute or join in the institution of such proceedings without such written request of the Company.

If either of the Trustees shall institute or join in any such proceedings as authorized by this Section 5 the other Trustee shall not be a necessary party to such proceeding but the bondholders and the trust estate shall be bound thereby to the same extent as if both of the Trustees had been parties thereto.

Purchase of property to protect; ledged securities.

In case at any time any corporation the securities whereof are pledged hereunder shall be dissolved or liquidated otherwise or all or any of the property thereof or the property securing any of the bonds or obligations pledged hereunder shall be offered for sale upon the foreclosure of such mortgage or upon the insolvency or bankruptcy of the corporation owning such property or at any judicial sale, then, if such property can be acquired by applying the securities pledged hereunder to the purchase price thereof and paying not more than ten per cent. of the price of such property in cash (or by paying more than ten per cent. if the holders of a majority in amount of the First Mortgage Bonds then outstanding shall so request) the Trustees in their discretion may and the Trustees or either of them, if requested in writing by the Company or by the holders of a majority in amount of the First Mortgage Bonds then outstanding and provided with the necessary funds shall, purchase or cause to be purchased such property either in the names or on behalf of the Trustees, or one of them, or of the Company or by purchasing trustees, and shall use or permit the use of such pledged securities to make payment for such property; and in case of any such purchase, the Trustees shall take such procedings as they may deem proper to cause such property to be vested either in the Company, subject to the lien of this indenture, or in some other

corporation that shall then be or shall thereupon become a subsidiary company.

Protection of pledged securities.

The Trustees may in any case take such steps as in their discretion may be deemed advisable to protect their interests and the interests of the holders of the First Mortgage Bonds in respect of any stock, bonds, obligations, indebtedness, claims or securities pledged hereunder; and the Trustees may join in any plan of reorganization or readjustment with respect of any such pledged securities (whether voluntary or consequent upon judicial proceedings, if in their judgment *bona fide* required by the circumstances of the corporation against the property whereof the same shall have been issued).

Trustees may join in plan of reorganization or readjustment.

Merger, consolidation or sale by subsidiary company.

SECTION 6.—Any subsidiary company may, upon such terms as not to impair the value of the security hereby created, be merged or consolidated with, or all or any part of its property may be sold, conveyed, transferred or leased to, (*a*) the Company, provided that this indenture immediately shall become and be a lien upon the property so taken over by the Company, free from any prior lien or charge except those permitted by the terms hereof, or (*b*) any one or more corporations which shall be or shall then become and continue to be subsidiary companies, provided that the subsidiary company or companies taking over such property shall have no outstanding indebtedness (other than current indebtedness arising from operation) or liens or charges upon their property, except indebtedness, liens and charges pledged hereunder. Any subsidiary company may also make a lease of all or any of its property on condition that such lease shall be terminable at the election of the Trustees under this indenture by entry or otherwise in case an event of default shall have happened as provided in Section 2 of Article Sixth hereof, or at the election of the purchaser in case of a sale of the trust estate pursuant to any of the provisions hereof.

Lease by subsidiary company.

Dissolution of subsidiary company.

Any subsidiary company, in case all of the property thereof shall have been transferred, sold or disposed of as by any of the provisions of this Article or of Article Seventh hereof is permitted, may be dissolved.

Renewal or extension of pledged obligations.

Section 7.—Any bond or other obligation pledged hereunder may be renewed or extended (but not beyond the date of maturity borne by the First Mortgage Bonds) at the same or a lower or a higher rate of interest or new bonds or other obligations may be substituted therefor, provided that such extension, renewal or substitution shall be without substantial impairment of security.

Release of indebtedness of subsidiary company.

Any indebtedness of a subsidiary company to or held by the Company, whether secured or unsecured, and whether evidenced by any bond, note or other instrument, may at any time, before or after the pledge thereof hereunder, be released and the evidence thereof, if any, canceled, provided that such subsidiary company has then outstanding no indebtedness (except for current expenses of operation for a period not exceeding six months) or liens or charges upon its property, except indebtedness, liens and charges pledged hereunder.

Cancelation of entire issue of pledged obligations and discharge of instrument securing same.

Any bonds or other obligations pledged hereunder may be canceled and the mortgage or other instrument securing the same may be canceled and discharged of record and the mortgaged or pledged properties embraced therein may be released from the operation thereof, provided that all of such mortgaged or pledged properties shall have been made subject directly to the lien of this indenture free from any other lien prior to this indenture (except the lien of such mortgage or other instrument) and all of the outstanding bonds or obligations secured by such mortgage or other instrument shall have been pledged hereunder (except lost or destroyed obligations for which satisfactory indemnity may have been given) or all thereof except those pledged hereunder shall be paid or otherwise discharged or amounts sufficient to pay or redeem the same shall have been deposited for the purpose

of such payment hereunder or with the trustee under the instrument securing the same if such deposit and discharge be provided for thereby.

Amounts payable to Trustees on pledged securities.

SECTION 8.—The Trustees shall be entitled to collect and receive all sums payable with respect to any of the bonds, obligations, indebtedness, claims or shares of stock pledged or assigned hereunder, which the Company at the time then being is not entitled to collect and receive as provided in Section 2 of this Article Fifth; and all sums so collected and received shall, unless applied on account of the purchase price of property purchased pursuant to Section 5 of this Article, be deposited hereunder and paid out for the purposes, subject to the restrictions and at the rate provided in Section 8 of Article Seventh hereof with respect to the payment of the proceeds of released property.

Application of sums so collected.

Indemnification of Trustees.

SECTION 9.—The Company agrees that on demand of the Trustees it will pay or satisfactorily provide for all expenses and obligations incurred by the Trustees or either of them under any of the provisions of this Article. In case the Company shall fail to do so, the Trustees or either of them may (but shall not be obliged to) advance the requisite sums and such advances, with interest thereon at the rate of six per cent. per annum, the Company agrees to pay and for all such advances the Trustees and each of them shall be secured by a lien upon the trust estate in priority to the holders of the First Mortgage Bonds and coupons.

Trustees may rely on opinion of counsel.

SECTION 10.—The Trustees and each of them may receive the opinion of any counsel approved by the Trustees or the Trustee receiving the same (who may also be counsel for the Company) to the effect that any proceeding or proposed proceeding on the part of a subsidiary company with respect to the securities pledged hereunder, or any action on the part of the Trustees or either of them with respect to any of the pledged securities requested by the Company or proposed

to be taken by the Trustees or either of them, is authorized by the provisions of this Article Fifth; and such opinion shall be full protection for any action or non-action by the Trustees, or either of them, on the faith thereof.

ARTICLE SIXTH.

Remedies of Trustees and Bondholders.

Extended, funded and detached coupons deferred in payment.

Section 1.—Except after the prior payment in full of all of the First Mortgage Bonds and of all coupons and interest obligations not so extended, funded, transferred or pledged, no benefit of or from this indenture shall, in case of a default hereunder, accrue to (*a*) any coupon or interest claim that shall have been extended in contravention of the provisions of Section 1 of Article Fourth hereof, or shall, at or after the maturity thereof, have been purchased by or pledged to the Company or anyone in its behalf or any person or corporation which shall be obligated by agreement with the Company to payment or purchase of the same or which shall have acquired the trust estate subject to the lien hereof, or (*b*) any coupon or interest claim, unless accompanied by the First Mortgage Bond to which it relates, that in any way at or after maturity shall have been transferred or pledged separate and apart from such bond.

Events of default.

Section 2.—If one or more of the following events, herein called the "events of default," shall happen, that is to say:

(*a*) Default shall be made in the payment of any instalment of interest on any of the First Mortgage Bonds when and as the same shall become payable as therein and herein expressed and such default shall continue for the period of three months;

(*b*) Default shall be made in the payment of the principal of any of the First Mortgage Bonds when the same

shall become due and payable either by the terms thereof or otherwise as herein provided, or any part thereof;

(*c*) Default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Company in the First Mortgage Bonds or in this indenture or any indenture supplemental hereto contained, and such default shall continue for the period of three months after written notice to the Company from the Trustees or either of them, specifying such default and requiring the same to be remedied;

(*d*) An order shall be made for the appointment of a receiver or of receivers of the Company or of any subsidiary company or of the trust estate or of any part thereof with the consent of the Company or of such subsidiary company or the Company or any subsidiary company shall take corporate action looking to the making of any such order or any such order shall be made after hearing by any court of competent jurisdiction as to the appointment of such receiver or receivers (whether such appointment shall be made or intended to be made upon the application or by procurement of the Trustees or either of them or pursuant to any provision hereof or otherwise);

(*e*) Default shall be made in the payment of the principal of or interest upon any bonds, notes or other obligations, secured by a lien prior to the lien of this indenture on any part of the trust estate, which shall not at the time be pledged hereunder as and when the same shall become due and payable in accordance with the terms thereof, or default shall be made in the due performance or observance of any of the covenants or conditions contained in any mortgage or deed of trust or other instrument constituting such prior lien (whether or not any default shall have continued for the period of grace, if

any specified with regard thereto) of which default the holders of any bonds, notes, obligations or indebtedness secured thereby which shall not be pledged hereunder might take advantage, either forthwith or if continued for some period, definite or indefinite, by the exercise of any remedy in such case provided or allowed by any such mortgage, deed of trust or other instrument, or proceedings shall have been duly instituted (otherwise than at the instance of the Trustees) to enforce any mortgage, deed of trust or other instrument securing any such bonds, notes, obligations or indebtedness or constituting such prior lien;

Entry by Trustees.

then and in every such case the Trustees, personally or by their agents or attorneys, may forthwith enter into or upon all or any part of the railways, equipment, lands, rights, interests and franchises hereby or by any indenture supplemental hereto conveyed, and may exclude the Company, its agents and servants, wholly therefrom and, having and holding the same, may use, operate, manage and control said railways and premises, regulate the tolls for the transportation of passengers and freight thereon and conduct the business thereof, either personally or by their managers, superintendents, receivers, agents, servants or attorneys; and upon every such entry the Trustees may, at the expense of the trust estate, from time to time, by purchase, repairs or construction, maintain and restore, insure and keep insured, the rolling stock, buildings, bridges and other structures and their contents provided for use in connection with said railways and premises and may make all necessary or proper repairs, renewals and replacements and useful alterations, additions, betterments and improvements of said railways, premises and property in the same manner and to the same extent as is usual with railroad companies and as to them may seem judicious, and may exercise all rights and powers of the Company, either in the name of the Company or otherwise, as

they shall deem best, and shall be entitled to collect and receive all tolls, earnings, income, rents, issues and profits of the same and every part thereof and, after deducting the expenses of operating said railways and premises and conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements as well as taxes, assessments, insurance and prior or other proper charges and just and reasonable compensation for their services and for the services of all attorneys, counsel, agents, clerks, servants and other employees by them properly engaged, they shall apply the money arising as aforesaid as follows:

Application of income.

First.—In case the principal of the First Mortgage Bonds shall not then have become due, to the payment of the interest in default in the order of the maturity of the instalments of such interest, with interest thereon at the respective rates borne by the bonds, such payments to be made ratably to the persons entitled thereto without discrimination or preference, and in the event that at any time no such interest shall remain in default such money shall be accumulated pending the maturity, whether by lapse of time or upon declaration of maturity or otherwise as provided herein, of the principal of the First Mortgage Bonds, or until the mortgaged premises shall be returned to the Company as hereinafter in this Section 2 provided, and shall be applied from time to time by the Trustees as hereinabove authorized or to the payment (ratably among the persons entitled thereto without any discrimination or preference) of instalments of interest on the First Mortgage Bonds as the same shall mature.

Second.—In case the principal of any of the First Mortgage Bonds shall have become due either by their terms or otherwise as herein provided and shall be unpaid, first to the payment of the accrued interest (with interest

on overdue instalments thereof at the respective rates borne by the bonds) in the order of the maturity of the instalments and then to the payment of the principal of all of the First Mortgage Bonds, such payments to be made ratably to the persons entitled thereto without discrimination or preference.

Company and Trustees restored to former positions after default remedied.

After the default or defaults in respect to which entry as aforesaid shall have been made shall have been remedied and upon the payment in full of whatever may be due for principal and interest and be payable hereunder for other purposes and after making provision satisfactory to the Trustees for the payment of the semi-annual instalment of interest then next maturing upon all First Mortgage Bonds outstanding, the premises shall be returned to the Company and the Company and the Trustees (unless all of the First Mortgage Bonds shall have been paid, principal and interest) and each of them shall be restored to their former positions and rights hereunder in respect thereto.

Upon default Trustees to vote pledged stock and collect income on pledged securities.

Section 3.—If one or more of the defaults or contingencies specified in Section 2 of this Article Sixth shall occur, whether or not any such default shall have continued for the period of grace in said Section 2 allowed with respect thereto, the Trustees shall be entitled to vote on all shares of stock pledged hereunder and to execute waivers of notice, consents and other instruments as the owner of or in respect to such stock and the Trustees may for such purpose revoke any proxies or powers of attorney previously given to the Company or its nominee or nominees; and, in such event, the Trustees shall also be entitled to collect and receive all dividends and interest upon the pledged stock, bonds and obligations which the Company would otherwise be entitled to collect and receive as provided in Section 2 of Article Fifth hereof (and also any interest allowed by the Depositaries on cash deposited hereunder except cash held in the sinking

fund and cash deposited to the credit of unsurrendered First Mortgage Bonds that have been called for redemption as provided in Article Third hereof) and shall apply the sums so received as hereinbefore in Section 2 of this Article provided with respect to the income of the trust estate, and the Trustees may for such purpose revoke any dividend orders, assignments or other instruments previously executed; but in the event that a receiver shall have been appointed for any property subject hereto or owned by any subsidiary company and shall be in possession thereof pursuant to the provisions of this indenture, the Trustees from time to time in their discretion may, and at the request of the holders of a majority in amount of the First Mortgage Bonds outstanding shall, turn over all or any part of the interest, dividends and other income of the pledged securities to such receiver and may cooperate with such receiver in managing and operating the entire system of the Company in such manner as the Trustees shall deem for the best interests of the First Mortgage Bonds.

Declaration of maturity of principal.

SECTION 4.—In case

(*a*) Default shall be made in the payment of any instalment of interest on any of the First Mortgage Bonds, when and as the same shall become payable as therein and herein expressed, and such default shall continue for the period of three months;

(*b*) Default shall be made in the payment of the principal of or the premium, if any, payable with respect to any of the First Mortgage Bonds when the same shall become due and payable upon proceedings for redemption thereof as in Article Third provided;

(*c*) Default shall be made in the observance or performance of any other of the covenants, conditions or agreements on the part of the Company in the First Mortgage Bonds or in this indenture or any indenture

supplemental hereto contained and such default shall continue for the period of three months after written notice to the Company from the Trustees or either of them specifying such default and requiring the same to be remedied;

(*d*) An order shall be made for the appointment of a receiver or receivers of the Company or of any subsidiary company or of the trust estate or of any part thereof with the consent of the Company or of such subsidiary company or the Company or any subsidiary company shall take corporate action looking to the making of any such order or any such order shall be made after hearing by any court of competent jurisdiction as to the appointment of such receiver or receivers (whether such appointment shall be made or intended to be made upon the application or by the procurement of the Trustees or either of them or pursuant to any provision hereof or otherwise);

(*e*) Default shall be made in the payment of the principal of or interest upon any bonds, notes or other obligations secured by a lien prior to the lien of this indenture on any part of the trust estate which shall not at the time be pledged hereunder as and when the same shall become due and payable in accordance with the terms thereof, or default shall be made in the due performance or observance of any of the covenants or conditions contained in any mortgage or deed of trust or other instrument constituting such prior lien (whether or not such default shall have continued for the period of grace, if any, specified with regard thereto) of which default the holders of any bonds, notes, obligations or indebtedness secured thereby which shall not be pledged hereunder might take advantage either forthwith, or if continued for some period, definite or indefinite, by the exercise of any remedy in such case provided or allowed by any such

mortgage, deed of trust or other instrument, or proceedings shall have been duly instituted (otherwise than at the instance of the Trustees) to enforce any mortgage, deed of trust or other instrument securing any such bonds, notes, obligations or indebtedness or constituting such prior lien;

then and in every such case, the Trustees may, and upon the written request of the holders of twenty-five per cent. in amount of the First Mortgage Bonds then outstanding shall, by notice in writing delivered to the Chairman of the Board or the President of the Company or mailed to the Company at San Francisco, California, declare the principal of all of the First Mortgage Bonds then outstanding to be due and payable immediately and, upon such declaration, the same shall become and be due and payable immediately, anything in this indenture or in said bonds contained to the contrary notwithstanding.

Remedy and waiver of default.

SECTION 5.—The provisions of Sections 3 and 4 of this Article are subject to the condition that, if at any time before any sale of the trust estate shall have been made pursuant to the provisions of Section 6 of this Article Sixth, all arrears of interest on the First Mortgage Bonds, with interest on overdue instalments at the respective rates borne by the bonds, together with the reasonable charges of the Trustees, their agents and attorneys, and all sums payable hereunder for other purposes, shall either be paid by the Company or be collected out of the trust estate, the holders of a majority in amount of the First Mortgage Bonds then outstanding, by written notice to the Company and to the Trustees, may waive any default that shall have happened and its consequences and, thereupon, the right of the Company to vote upon the pledged stock and the obligation of the Trustees to execute proxies and

powers of attorney for such purpose and the right of the Company to collect and receive the income of the pledged securities and the duty of the Trustees to execute dividend orders, assignments and other instruments for such purpose, all as set forth in Article Fifth hereof, shall revive and continue as though no such default had taken place; and, in the same case, if the principal of the First Mortgage Bonds shall have been declared due, the holders of said amount of the First Mortgage Bonds may in the same manner rescind and annul such declaration of maturity; and, thereupon, the Company and the Trustees and each of them shall be restored to their former positions and rights hereunder in respect to the mortgaged and pledged properties and premises; but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

Rescission of declaration of maturity.

Sale by Trustees on default.

SECTION 6.—If one or more of the events of default shall happen, the Trustees personally or by attorney in their discretion may (*a*) sell to the highest and best bidder all and singular the trust estate, including shares of capital stock, bonds and other obligations and all right, title, interest, claim and demand therein and right of redemption thereof, which sale shall be made at public auction at such place in the City and County of San Francisco, or at such other place or places and at such time or times consistent with the laws if any applicable thereto and upon such terms as the Trustees may fix and briefly specify in the notice of sale to be given as herein provided or as may be required by law; or (*b*) proceed to protect and enforce the rights of the Trustees and of the holders of the First Mortgage Bonds under this indenture by suit or suits in equity or at law or by any special or statutory proceedings, whether for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted or for any foreclosure hereunder or for the enforcement of

Institution of judicial proceedings on default.

any other appropriate legal or equitable remedy as the Trustees, being advised by counsel learned in the law, shall deem most effectual to protect and enforce any of the rights or duties of the Trustees or either of them or any of the rights of the holders of First Mortgage Bonds.

Duty of Trustees to proceed upon request of bondholders.

Upon the written request of the holders of twenty-five per cent. in amount of the First Mortgage Bonds outstanding, in case one or more of the events of default shall have happened, it shall be the duty of the Trustees, upon being indemnified as hereinafter provided, to take all steps needful for the protection and enforcement of the rights of the Trustees and of the holders of the First Mortgage Bonds and to exercise the powers of entry or sale herein conferred or both or to take appropriate judicial proceedings by action, suit or otherwise as the Trustees, being advised by counsel learned in the law, shall deem expedient in the interests of the holders of the First Mortgage Bonds.

Holders of majority in amount of bonds to control proceedings.

Anything in this indenture contained to the contrary notwithstanding, the holders of a majority in amount of the First Mortgage Bonds outstanding shall have the right to direct and to control the action of the Trustees and the method and place of conducting any and all proceedings for any sale of the trust estate or for the foreclosure of this indenture or for the appointment of a receiver or any other remedy hereunder, and all of the provisions hereof with respect to any of said matters or any right, power, action or remedy hereunder are subject in every respect to the provisions of Section 5 of Article Twelfth of this indenture.

Property to be sold as an entirety.

SECTION 7.—In the event of any sale, whether made under the power of sale herein granted or by virtue of judicial proceedings, the whole of the property subject to this indenture shall be sold in one parcel and as an entirety, unless such sale as an entirety is impracticable by reason of some statute or other cause or unless the holders of a majority in amount of

the First Mortgage Bonds outstanding shall in writing request the Trustees to cause said premises to be sold in parcels, in which case the sale shall be made in such parcels and in such order as may be specified in such request or required by statute or as may be practicable. The Company, for itself and all persons and corporations hereafter claiming through or under it, or who may at any time hereafter become holders of liens junior to the lien of this indenture, hereby expressly waives all right to have the mortgaged properties marshaled upon any foreclosure or other enforcement hereof, and the Trustees or any court in which the foreclosure of this indenture or administration of the trusts hereby created is sought shall have the right as aforesaid to sell the entire trust estate as a whole in a single lot.

Right to marshall waived.

Notice of sale.

Section 8.—Notice of any such sale shall state the time and place when and where the same is to be made and contain a brief general description of the property to be sold and shall be sufficiently given if published once in each week for four successive weeks prior to such sale in a daily newspaper published in the Borough of Manhattan in the City of New York and in a daily newspaper published in the City and County of San Francisco, and in such other manner, if any, as may be required by law.

Adjournments of sale.

The Trustees from time to time may adjourn any such sale by announcement at the time and place appointed therefor or for the adjourned sale or sales; and without further notice or publication unless required by law, such sale may be made at the time and place to which the same shall be so adjourned.

Vesting title in purchaser.

Section 9.—Upon the completion of any sale or sales under this indenture, the Trustees shall execute and deliver to the accepted purchaser or purchasers, his or their successors or assigns, a good and sufficient deed or deeds and bill or bills of sale or other proper instruments of conveyance and trans-

fer for the same and shall deliver the pledged securities to such purchaser or purchasers.

Conveyances by Trustees authorized.

The Trustees and their respective successors hereunder hereby are appointed the true and lawful attorneys irrevocable of the Company in its name and stead, with full power of substitution, to make all necessary transfers of the property thus sold and, for that purpose, may execute all necessary acts of assignment and transfer, the Company hereby ratifying and confirming all that its and their said attorney and attorneys or substitutes shall lawfully do by virtue hereof. Nevertheless, the Company, if so requested by the Trustees, shall join in any such conveyances, assignments and transfers.

Sale to divest all interest of the Company.

Any such sale shall operate to divest all right, title, interest, claim and demand whatsoever either at law or in equity of the Company of, in and to the properties sold and shall be a perpetual bar both at law and in equity against the Company, its successors and assigns, and against all persons claiming or to claim the property sold or any part thereof from, through or under the Company, its successors or assigns.

Personal property deemed fixtures.

The personal property and chattels intended to be conveyed by this indenture, other than securities and claims, shall be held and taken to be fixtures and appurtenances of the mortgaged railways and part thereof and are to be used and sold therewith and not separate therefrom, except as herein otherwise provided.

Protection of purchaser.

SECTION 10.—The receipt of the Trustees or either of them or of the court officer making any such sale shall be a sufficient discharge for the purchase money, and no purchaser at such sale, or his representatives, grantees or assigns, after receiving such receipt, shall be bound to see to the application of the purchase money or in any manner whatsoever be answerable for any loss, misapplication or non-application thereof

or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

Principal of all bonds to become due on sale.

Section 11.—In case of a sale under any of the provisions of this Article Sixth, the principal sums of all of the First Mortgage Bonds then outstanding, if not previously due, immediately thereupon shall become and be due and payable, anything in said bonds or in this indenture contained to the contrary notwithstanding.

Application of proceeds of sale.

Section 12.—The purchase money, proceeds and avails of any such sale, together with any other sums which may then be deposited hereunder (except sums placed to the credit of unsurrendered First Mortgage Bonds pursuant to the provisions of Article Third hereof) shall be applied as follows:

First.—To the payment of the costs and expenses of such sale, including reasonable compensation to the Trustees, their agents, attorneys and counsel, and all expenses, liabilities and advances made or incurred by the Trustees or either of them hereunder, and to the payment of all taxes, assessments or liens superior to the lien of this indenture, except any taxes, assessments or other superior liens subject to which the property shall have been sold.

Second.—To the payment of the whole amount then due or accrued and unpaid upon the First Mortgage Bonds for principal and interest, with interest on overdue instalments of interest at the respective rates borne by the bonds; and in case such proceeds shall be insufficient to pay such whole amount in full, then to the payment of such whole amount, without preference or priority of principal over interest or of interest over principal or of any instalment of interest over any other instalment of interest, ratably to the aggregate of such whole amount; subject, however, to the provisions of Section 1 of this Article.

Third.—To the Company, its successors or assigns, or to whosoever may be lawfully entitled to receive the same.

Bonds and coupons may be applied on purchase price.

SECTION 13.—Upon any such sale any purchaser in settlement or payment of the purchase price shall be entitled to present any First Mortgage Bonds and appurtenant matured and unpaid coupons (subject, however, to the provisions of Section 1 of this Article) in order that there may be credited as paid thereon the ratable share of the net proceeds of such sale apportionable to such bonds and coupons; and thereupon such purchaser shall be credited on account of the purchase price with a sum equal to such portion of the net proceeds of sale.

Bondholders may bid.

At any such sale any bondholders may bid for and purchase the property offered and may make payment therefor as aforesaid and upon compliance with the terms of sale may hold, retain and dispose of such property without further accountability.

On default in payment of interest or principal Company to pay Trustees entire amount due.

SECTION 14.—The Company covenants that (1) in case default shall be made in the payment of any interest on any First Mortgage Bond at any time outstanding and such default shall continue for a period of three months, or (2) in case default shall be made in the payment of the principal of any of the First Mortgage Bonds when the same shall become payable either by their terms or by declaration or otherwise as herein provided, then upon demand of the Trustees the Company will pay to the Trustees for the benefit of the holders of the First Mortgage Bonds and coupons outstanding the whole amount due or accrued and unpaid on such bonds for principal and interest, with interest upon overdue instalments of interest at the respective rates borne by such bonds; and in case the Company shall fail to pay the same forthwith upon such demand, the Trustees in their own names and as trustees of an express trust shall be entitled to recover judgment for the whole amount so due and unpaid.

Trustees entitled to recover judgment though other proceedings pending.

The Trustees shall be entitled to recover judgment as aforesaid before or after or during the pendency of any proceedings for the enforcement of the lien of this indenture; and the right of the Trustees to recover such judgment shall not be affected by any entry or sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of this indenture or the foreclosure of the lien thereof; and in case of a sale of the trust estate and of the application of the proceeds of sale to the payment of the debt hereby secured, the Trustees in their own name and as trustees of an express trust shall be entitled to enforce the payment of and to receive all amounts then remaining due and unpaid on any and all of the First Mortgage Bonds and coupons then outstanding for the benefit of the holders thereof and shall be entitled to recover judgment for any portion of said debt remaining unpaid, with interest.

Trustees entitled to deficiency judgment.

Recovery of judgment not to affect lien.

No recovery of any such judgment by the Trustees and no levy of execution pursuant to any such judgment upon property subject to the lien of this indenture or upon any other property shall in any manner or to any extent affect the lien of this indenture upon the trust estate or any part thereof or the rights, powers or remedies of the Trustees, or either of them, or of the holders of the First Mortgage Bonds, but such liens, rights, powers and remedies shall continue unimpaired as before.

Application of moneys collected.

Any moneys thus collected by the Trustees under this Section 14 shall be applied, first, to the payment of the expenses, disbursements and compensation of the Trustees, their agents and attorneys, and, second, to the payment of the whole amount due or accrued and unpaid upon the bonds and coupons in respect of which such moneys shall have been collected, ratably to the aggregate of such whole amount at the date fixed by the Trustees for the distribution of such money.

Notwithstanding the foregoing provisions of this Section 14 or any of the provisions of this indenture, the powers

hereby granted to the Trustees or either of them are strictly subject to the limitation that if, by the commencement of any action at law to recover judgment for any amount due and unpaid upon said bonds or hereunder or by the exercise of any other remedy prior to or concurrently with proceedings to enforce the lien of this indenture, such lien or the security hereby provided for would, despite the foregoing provisions of this Section 14, be surrendered, waived or lost, then neither the Trustees nor either thereof shall have power to commence such action at law or to exercise such prior or concurrent remedy; but, in case any statute or rule now in force providing in terms or effect that the commencement of an action to recover a debt secured by mortgage or other instrument shall be deemed a waiver of any security therefor or prohibiting the exercise of any other remedy prior to or concurrently with proceedings to enforce the lien of a mortgage or other instrument upon the premises mortgaged or any statute or rule which now impairs or suspends the virtue of the foregoing provisions of this Section 14 and of which the Company can take advantage despite such provisions, shall hereafter be repealed or cease to be enforced, such statute or rule shall not be deemed to have become or be a part of the contract contained in this indenture.

Trustees not to exercise concurrent remedy if lien thereby would be lost.

SECTION 15.—Any sums applicable under any of the provisions of this Article Sixth to the payment of principal of or interest upon any of the First Mortgage Bonds shall be paid upon presentation of the several bonds and coupons and stamping thereon such payment if only partially paid and upon surrender thereof for cancelation if fully paid.

Presentation of bonds and coupons for payment.

SECTION 16.—The Company will not at any time insist upon or plead or in any manner claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force or any law now or hereafter in force providing for the valuation or appraisement of the property

Stay, extension, valuation and appraisement laws waived.

or any part thereof subject to this indenture prior to any sale or sales thereof to be made pursuant to any provision herein contained or to the decree, judgment or order of any court of competent jurisdiction; nor after any such sale or sales will it claim or exercise any right under any statute enacted by any state or territory of the United States to redeem the property so sold or any part thereof; and it hereby expressly waives all benefit and advantage of any such law or laws and covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the Trustees or either of them, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Right of redemption waived.

In case any law of the character above-mentioned and now in force of which the Company might take advantage despite the provisions hereof shall hereafter be repealed or cease to be enforced, such law shall not be deemed to have become or to constitute any part of the contract contained in this indenture.

Trustees entitled to appointment of receivers.

SECTION 17.—If a bill in equity shall be filed or other judicial proceedings shall be commenced in the exercise of any remedy to which the Trustees or either of them or the bondholders shall then be entitled as anywhere herein provided or at law or in equity or by statute, the Trustees, as a matter of right, shall be entitled to the appointment of a receiver or receivers of the trust estate; or at any time a receiver or receivers of the trust estate may be appointed upon the application of the Trustees with the consent of the Company.

Powers of receivers.

Any such receiver or receivers may be appointed for any part of the trust estate in respect to which the Trustees shall make request for such appointment and of the tolls, earnings, income, revenue, rents, issues and profits thereof, with such powers as the court making such appointment shall confer, which may comprise any or all of the powers which the

Trustees are authorized to exercise in case of entry upon the trust estate pursuant to Section 2 of this Article Sixth, and the net income and profits of the property held by such receiver shall be applied as provided in Section 2 of this Article Sixth with reference to the net income and profits collected by the Trustees in possession; but, notwithstanding the appointment of such or of any receiver or receivers, the Trustees shall be entitled as pledgees to retain the possession and control of any securities pledged hereunder, and to receive all the sums payable thereon as provided in Section 8 of Article Fifth and Section 3 of this Article Sixth, and the Depositaries shall continue to hold the cash deposited hereunder subject to the control of the Trustees.

Trustees to retain control of pledged securities and cash.

SECTION 18.—In case one or more of the defaults specified in Section 2 of this Article Sixth shall occur and (1) at any time during the continuance of such default there shall be existing any judgment against the Company or a subsidiary company unstayed and unsecured by bond on appeal or (2) in any judicial proceeding by any party other than the Trustees an attachment shall be levied upon any of the property of the Company or a subsidiary company and shall not have been vacated or discharged, or a judgment or order entered for the winding up or dissolution of the Company or for the sequestration of the property of the Company or a subsidiary company—the Trustees shall thereupon be entitled, without awaiting the expiration of the prescribed period of default (and if they shall so elect, without declaring the principal of the First Mortgage Bonds to be due and payable) forthwith to exercise the right of entry herein conferred and also any and all other rights and powers provided to be exercised by the Trustees upon the happening of an event of default, and as a matter of right the Trustees shall thereupon be entitled to the appointment of a receiver of the trust estate.

In certain events Trustees need not await prescribed period of default.

Voluntary surrender to Trustees.

Section 19.—At any time, whenever the Company shall deem such action expedient for the better protection of the First Mortgage Bonds, although there then be no default entitling the Trustees to enter into possession, the Company, with the consent of the Trustees, may surrender and deliver to them full possession of the whole or any part of the trust estate (except securities pledged and cash deposited hereunder) and may authorize the Trustees to collect the dividends and interest upon the pledged securities and to vote any or all of the pledged stock—for any period, fixed or indefinite. The Trustees shall thereupon enter into the premises so surrendered for such period as aforesaid, without prejudice, however, to their right at any time subsequently when entitled thereto by any provision hereof to maintain such possession, though beyond the expiration of the prescribed period. Upon any such voluntary surrender the Trustees shall use, manage and control the surrendered premises and receive and apply the income and revenues thereof as provided in Section 2 of this Article Sixth.

Bondholders not to sue until Trustees notified, requested and indemnified.

Section 20.—No holder of any First Mortgage Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law or any special or statutory proceeding, for the foreclosure of this indenture or for the execution of any trust thereof, or for the appointment of a receiver, or for the recovery of any amount declared or become due and payable for principal on any of the First Mortgage Bonds before the same shall have matured by the terms thereof, or for any remedy hereunder, unless such holder previously shall have given to the Trustees written notice of the happening of a default or contingency upon the happening of which the Trustees are authorized to proceed hereunder, nor unless also the holders of twenty-five per cent. in amount of the First Mortgage Bonds outstanding shall have made written request upon the Trustees and afforded to them a reasonable oppor-

tunity either to proceed to exercise the powers herein granted or to institute such action, suit or proceeding in their own names; nor unless also they shall have offered to the Trustees security and indemnity satisfactory to them against the costs, expenses and liabilities to be incurred therein or thereby; and the Trustees shall have refused or neglected to comply with such request within a reasonable time thereafter; and such notification, request, opportunity to act and offer of indemnity are hereby declared at the option of the Trustees to be conditions precedent to the execution of the powers and trusts of this indenture and to any such action, suit, proceeding or remedy; it being understood that no one or more holders of First Mortgage Bonds or coupons shall have any right in any manner by his or their action to affect, disturb or prejudice the lien of this indenture or to enforce any rights under this indenture except in the manner herein provided, and that all such proceedings shall be instituted, had and maintained only in the manner herein provided and for the equal benefit of all holders of such outstanding bonds and coupons.

Trustees may proceed without possession of bonds.

All rights of action under this indenture or hereby authorized to be enforced by the Trustees or either of them may be so enforced without possession of the First Mortgage Bonds or coupons or any thereof or the production of the same upon the trial or upon any other proceeding relative thereto.

Remedies hereunder cumulative.

SECTION 21.—Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the the Trustees or either of them or the holders of the First Mortgage Bonds is intended to be exclusive of any other remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Acceptance of interest not to waive default.

SECTION 22.—The acceptance of interest (whether or not it be interest in default) shall not be deemed a waiver of any

default hereunder or to effect a revocation of any action taken or remedy invoked in consequence of any such default and the waiver of any default shall not be deemed a waiver of any other default. No delay or omission of the Trustees or either of them or of any holder of First Mortgage Bonds to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of such default or an acquiescence therein; and every power and remedy given by this Article Sixth to the Trustees or either of them or the bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustees or the bondholders respectively.

Delay not to impair rights or waive default.

Remedies exercisable repeatedly.

Company and Trustees restored to former positions on discontinuance or adverse determination of proceedings.

Section 23.—In case the Trustees shall have proceeded to enforce any right under this indenture and any such proceeding shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustees, then and in any such case the Company and the Trustees shall severally and respectively be restored to their former positions and rights hereunder in respect of the trust estate and every part thereof and all rights, remedies and powers of the Trustees and each of them shall continue as though no such proceeding had been taken.

ARTICLE SEVENTH.

Releases of Mortgaged Property and Sales and Leases by Subsidiary Companies.

Company or subsidiary company may sell or exchange property or securities on certain conditions.

Section 1.—Subject to the restrictions hereinafter in this Article Seventh contained, the Company may sell or exchange and the Trustees shall release from the lien and operation of this indenture, or any subsidiary company may sell or exchange and the Trustees shall do all acts necessary on their part to permit any subsidiary company to sell or exchange, (1) any part of the lines of railroad subject to this indenture or owned by any subsidiary company, (2) all of the shares of

stock and bonds and other obligations of and claims against and the whole of the Company's interest in any other corporation (but not less than all of such securities and the whole of such interest), (3) any other property or securities (except bonds or indebtedness secured by lien prior to the lien of this indenture on any part of the trust estate), of a character not hereinafter in this Article Seventh specifically mentioned; provided that in every instance (*a*) there shall remain subject to this indenture or owned by subsidiary companies a continuous line of railroad from Salt Lake City, Utah, to San Francisco, California, by a route substantially as direct and available for transportation as the main line described in the granting clauses hereof; (*b*) it shall no longer be necessary or expedient for the Company to retain, either directly or through stock ownership, the lines of railroad, property or securities so sold or exchanged or the property owned by the corporation, the securities of which shall be so sold or exchanged, as part of the Company's system of railroads or for the operation, maintenance or use of the Company's remaining railways and property or for use in the business of the Company; (*c*) every line of railroad remaining subject to this indenture or owned by a subsidiary company or in part so subject and in part so owned shall remain a continuous line; (*d*) the continuity of any line such as described in said foregoing clause (*c*) with any extension, branch or feeder (although such connection may consist of a line of railway which in whole or in part is not subject to this indenture or owned by a subsidiary company) shall not be broken; and (*e*) the Company or the subsidiary company making such sale or exchange shall receive a consideration in money, securities or property equal in value to the Company to the value to the Company of the property or securities so sold or exchanged.

Leases of land by Company or subsidiary company.

SECTION 2.—The Company may make leases of land or property other than lines of railroad subject to this

indenture, or any subsidiary company may make leases of its land or property other than lines of railroad, provided it shall no longer be necessary or expedient for the Company to retain the same, either directly or through subsidiary companies, for use in the operation of its railway system or business. The interest of the Company in such leases and any rental or other compensation to be received by it thereunder and any reciprocal leases, contracts or other benefits obtained by the Company in consideration therefor or in connection therewith shall be subject to this indenture. If and to the extent that any such rental or other compensation shall be capitalized, the same shall be deposited hereunder and, if and to the extent that the same shall be payable in instalments during the terms of the lease, the same shall be payable to the Trustees in case of the happening of an event of default. Subject to the restrictions hereinafter in this Article Seventh contained, the Trustees from time to time shall release from the lien and operation of this indenture the leasehold interest or term of the lessee or lessees and assigns under any such lease of property subject hereto, and shall do all acts necessary on their part to permit any subsidiary company to make any such lease.

Sale by Company or subsidiary company of tracks or trackage rights on certain conditions.

Section 3.—Subject to the restrictions hereinafter in this Article Seventh contained, the Company may sell and the Trustees shall release from the lien and operation of this indenture, or any subsidiary company may sell and the Trustees shall do all acts necessary to permit such subsidiary company to sell, parts of tracks or other property or trackage rights to any terminal company or union depot company or another railroad company with which the Company or any subsidiary company may enter into arrangements for joint depot and terminal facilities, but only to such extent as shall be reasonably necessary and incidental to such depot and terminal arrangements, and provided the Company secures and pledges hereunder or such subsidiary company secures contracts giv-

ing it the right to use such union depot or terminal property upon equal terms with the other companies using the same and provided further that the value of the property or rights so sold shall be commensurate with the value of the rights so obtained.

Surrender of franchises and abandonment of tracks or structures on certain conditions.

SECTION 4.—The Trustees shall from time to time release from the lien of this indenture any franchise or franchise rights which are to be or shall have been surrendered and any tracks or structures which are to be or shall have been removed or abandoned, and the Trustees shall do all acts necessary to permit any subsidiary company to surrender any franchise or franchise rights or to remove or abandon any tracks or structures, provided that such surrender of franchise rights or such removal or abandonment of tracks or structures shall be or shall have been pursuant to agreement with any state, municipality or other political division or subdivision or to legal requirement, and provided further that the Company shall continue to own directly or through subsidiary companies a continuous line of railroad between the cities aforesaid and the continuity of its lines of railroad shall remain unbroken as provided in Section 1 of this Article Seventh.

Worn-out rails and equipment.

SECTION 5.—The Company shall have full power from time to time in its discretion to dispose of free from the lien hereof any of the rails, equipment, machinery, tools and implements at any time subject hereto that may have become unsuitable or unnecessary for use, first or simultaneously replacing the same by new rails, equipment, machinery, tools and implements of substantially equal value to the Company, which shall become subject to the lien of this indenture in like degree; and any subsidiary company may dispose of similar property, replacing it with property of substantially equal value.

The Company may at any time make any change in the

Changes in location of structures.

location of any of the tracks, station houses, buildings or other like articles or structures upon or comprising any part of the mortgaged premises, provided that the same articles or structures or those with which they have been replaced in the changed location and the premises mortgaged hereunder to which they shall be appurtenant shall be substantially equal in value to the Company to the value to the Company of the articles or structures the location whereof shall be changed and of the mortgaged premises to which they were formerly appurtenant; and the Trustees shall, subject to the restrictions hereinafter in this Article Seventh contained, release from the lien of this indenture such articles or structures as shall have been replaced with like articles or structures and such of the mortgaged premises to which the articles or structures so replaced or removed are or were formerly appurtenant as shall no longer be required for use by the Company; and any subsidiary company may likewise dispose of isolated parcels of property no longer required for use after a change in location of structures as aforesaid.

Amendments or surrender of leases, trackage rights and contracts.

SECTION 6.—The Company or any subsidiary company may with the consent of the Trustees from time to time change, amend, supplement, surrender or accept the surrender in whole or in part of any leases, trackage rights, traffic agreements, operating agreements or contracts subject hereto or owned or held by any subsidiary company, provided that the Company shall continue to own directly or through subsidiary companies a continuous line of railroad between the cities aforesaid and that the continuity of its lines of railroad shall remain unbroken as provided in Section 1 of this Article Seventh.

Documents to be delivered to Trustees under this Article:

SECTION 7.—Before the Trustees shall release any property, interest or securities under any of the provisions of this Article Seventh, or the Trustees or the Company shall permit

any subsidiary company to sell or lease any of its property under any of the provisions of this Article Seventh, the Company shall deliver to the Trustees:

—certified copy of resolution;

(*a*) A certified copy of a resolution of the Board of Directors or Executive Committee of the Company requesting the Trustees to release, or to permit a subsidiary company (naming it) to sell or lease, specified property, interests or securities in accordance with the provisions of a specified section of this Article Seventh.

—certificate;

(*b*) A certificate or certificates signed by the Chairman of the Board, the President or one of the Vice-Presidents and the Chief Engineer or Treasurer or Comptroller of the Company setting forth (1) a description of the property, interests or securities to be released or the property of a subsidiary company to be sold or leased; (2) such facts (whenever possible to be stated specifically and not in the form of conclusions) as shall be necessary to show that such release, sale or lease is authorized under the provisions of this Article Seventh; and (3) the consideration to be received by the Company or such subsidiary company upon the sale, or presently to be received upon the lease, of the property or upon the sale of the securities to be released or the sale or lease of the property of a subsidiary company, and if such consideration consists of securities or property, a brief description thereof.

—evidence as to vesting title of new property;

(*c*) Evidence deemed sufficient by the Trustees of the execution and delivery to the Company or a subsidiary company of all deeds, conveyances or other instruments necessary to vest in the Company or such subsidiary company title to the new property, if any, received in exchange or to take the place of the property released or sold, subject only to the same liens or charges as existed on the property so released or sold.

—supplemental indentures;

(*d*) all supplemental indentures or instruments of further assurance necessary to subject any such new property acquired by the Company to the lien of this indenture in like degree.

—opinion of counsel.

(*e*) an opinion of counsel for the Company to the effect that the instruments called for by the terms of clauses (*c*) and (*d*) of this Section 7 are sufficient for the purposes aforesaid, or that no such instruments are necessary for any of said purposes.

Trustees may receive documents as conclusive evidence.

Such resolution, certificate, opinion and other instruments may be received by the Trustees as conclusive evidence as to the occurrence, existence or non-existence of any fact or facts that are conditions of action by the Trustees pursuant to this Article and the Trustees and each of them shall be fully protected for their, his or its action or non-action on the faith thereof; but the Trustees or either of them in their, his or its discretion may require further and additional evidence by appraisal of the property, interests or securities mentioned in such certificate or otherwise as to them, him or it may seem reasonable.

Trustees may require further evidence by appraisal or otherwise.

Proceeds of released property to be deposited hereunder.

SECTION 8.—The money proceeds of property or securities released under the provisions of Section 1 of this Article Seventh and sums deposited hereunder as required by Section 2 of this Article Seventh and all money received as compensation for any property subject to the lien of this indenture taken by the exercise of the power of eminent domain, shall be deposited hereunder and paid out from time to time only for the purposes and subject to substantially the same restrictions and upon substantially similar resolutions, certificates, opinions and other instruments as provided in Section 2 of Article Second hereof with reference to the payment of the deposited cash therein mentioned at the rate, however, of $1,000 of such money for every $1,000, principal amount, of First Mortgage Bonds which might be authenticated and delivered pursuant to said Section 2.

Application of money so deposited.

All securities received by the Company in exchange for property or securities so released shall forthwith be pledged hereunder. Any new property acquired by the Company in exchange for or to take the place of any property released hereunder or purchased with the proceeds of property released or property taken by the power of eminent domain *ipso facto* shall become and be subject to this indenture, as fully as if specifically mortgaged or assigned hereby.

New property to be subject hereto.

Section 9.—The powers in and by this Article Seventh conferred upon the Company may be exercised by it only while in possession of the mortgaged premises and not in default hereunder, but in case the Trustees or either of them or a receiver or receivers lawfully appointed shall at any time be in possession of the mortgaged premises, such powers may be exercised by the Trustees or the Trustee in possession or, with the approval of the Trustees, by the receiver or receivers in possession.

Powers in this Article exercisable by Company only while in possession and not in default.

Powers exercisable by receiver or Trustees in possession.

In no event shall any purchaser or purchasers of any property sold or disposed of under any provision of this Article Seventh be required to see to the application of the purchase money. Any release of any such property executed by the Trustees shall be conclusive evidence to every purchaser in good faith of full compliance with all the conditions precedent to such release required by this indenture and shall be full protection to such purchaser, his heirs and assigns.

Protection of purchaser.

ARTICLE EIGHTH.

Immunity of Incorporators, Stockholders, Directors and Officers.

No recourse for the payment of the principal of or interest upon any of the First Mortgage Bonds or coupons or any bond scrip certificate or any part thereof or upon any demand or claim based thereon or on this indenture or any indenture supplemental hereto or existing by reason or in respect of any

Incorporators, stockholders, directors and officers exempt from liability.

thereof or hereof or arising because of the creation of any indebtedness hereby secured or based upon or arising out of any covenant, agreement or obligation contained in or implied from this indenture or any indenture supplemental hereto or any First Mortgage Bond or coupon or any bond scrip certificate or any breach of any thereof shall be had against any incorporator, stockholder, director or officer, past, present or future, of the Company or of any predecessor or successor corporation (including any predecessor or successor in person, estate or obligation), either directly at the suit of any creditor or through the Company or any predecessor, assignee, grantee or successor corporation, by the enforcement of any subscription, assessment, call, payment or otherwise, or through any receiver, assignee, trustee in bankruptcy or other representative of the Company or its creditors, or by any legal or equitable proceeding or in any other manner, whether for amounts unpaid on stock subscriptions or for any liability of any kind, by virtue of any constitution, statute, contract, express or implied, representation, rule of law or otherwise (save only against directors or officers for malfeasance or gross negligence in the performance of their duties as such directors or officers); it being expressly agreed that this indenture and the obligations hereby secured and the bond scrip certificates hereinabove provided for are solely corporate obligations and that no personal liability whatever (save only as aforesaid) shall attach to or be incurred by any such incorporator, stockholder, director or officer thereunder or under any claim or demand as aforesaid; and that any and all personal liability of every name and nature (save only as aforesaid) and any and all rights and claims against every such incorporator, stockholder, director and officer, whether arising or to arise at common law or in equity or created or to be created by statute or constitution, are hereby expressly released and waived as a condition of and as part of the consideration for the execution of the bonds and interest obligations hereby secured and said bond scrip certificates.

ARTICLE NINTH.

POSSESSION UNTIL DEFAULT—DEFEASANCE CLAUSE.

Possession in Company until default, receivership, or voluntary surrender.

SECTION 1.—Until some one or more of the events of default shall have happened, or until an order shall lawfully be made for the appointment of a receiver or receivers of the Company or of the trust estate or until the Company shall have voluntarily surrendered possession to the Trustees as herein provided, the Company, its successors and assigns, shall be suffered and permitted to retain actual possession of all of the properties subject to this indenture (except certificates of stock, bonds and other securities pledged hereunder and cash deposited hereunder), and to manage, operate and use the same and every part thereof with the rights and franchises appertaining thereto, and to collect, receive, take, use and enjoy the tolls, earnings, income, rents, issues and profits thereof.

Covenant of Company as to application of income of mortgaged premises.

The Company covenants and agrees that the income of the mortgaged and pledged premises, after payment of the expenses of operating and maintaining the same, including taxes and the interest matured on indebtedness, if any, secured by lien prior to this indenture upon the trust estate, shall be applied first to the payment of the interest maturing upon the First Mortgage Bonds, and the annual payments to be made into the sinking fund provided for in Article Third hereof, and that such income, whether before or after the happening of an event of default and whether the mortgaged premises be held and operated by the Company or by the Trustees or by a receiver or receivers appointed by any court at the instance of the Company or of the Trustees or of any mortgagee, stockholder, creditor or other person interested in the affairs of the Company, shall be primarily pledged and applied, subject only to the payments aforesaid, to the payment of the principal of and interest on the bonds hereby secured as provided by this indenture.

Defeasance clause.

SECTION 2.—If (*a*) when all of the First Mortgage Bonds shall become due and payable the Company shall well and truly pay or cause to be paid the whole amount of the principal and interest due upon all of the First Mortgage Bonds then outstanding, or shall provide for such payment by depositing with the Depositaries, or any of them, subject to the order of the Trustees for the payment of such bonds and coupons the entire amount due thereon for principal and interest; or (*b*) at any time before all of the First Mortgage Bonds shall have become due and payable the Company shall surrender to the Trustees, or either of them, all of the First Mortgage Bonds then outstanding (except bonds the redemption whereof shall be provided for by the deposit of moneys as next hereinafter in this Section 2 provided, and lost or destroyed bonds in respect whereof proof of loss or destruction and indemnity shall have been received and accepted by the Trustees as provided in Section 7 of Article First of this indenture), with all unpaid coupons, matured and unmatured, belonging thereto (or, in the case of missing unpaid coupons, an amount in cash equal to the face amount thereof), or shall deposit with the Depositaries or any of them the amount required to redeem, as provided in Article Third hereof, all of the outstanding First Mortgage Bonds or all thereof not surrendered as hereinabove in this Section 2 provided, and shall furnish to the Trustees evidence by affidavit of the Secretary or an Assistant Secretary of the Company in such form and detail as shall be accepted as sufficient by the Trustees that notice of such redemption has been advertised as provided in said Article Third, or that due publication of such notice has been commenced (in which case either of the Trustees is hereby authorized to complete such publication)—and, in every case, shall also pay or cause to be paid all other sums payable hereunder by the Company and shall well and truly keep and perform all of the things required to be kept and performed by it according to the true intent and meaning of this indenture, then all property, rights and interests by

this indenture or by any indenture supplemental hereto conveyed, assigned or pledged shall revert to the Company and the estate, right, title and interest of the Trustees and each of them shall thereupon cease, determine and become void (except to the extent necessary to complete proceedings for redemption commenced as aforesaid and to apply moneys held hereunder to the credit of bonds or coupons that shall have become payable but shall not have been paid) and the Trustees, on demand of the Company and at its cost and expense, shall execute proper instruments acknowledging satisfaction of this indenture and shall enter satisfaction of this indenture upon the records and shall deliver all securities and property then held by them or either of them hereunder and shall pay over, and order the Depositaries to pay over, all cash held by or subject to the order of either or both of them hereunder (except sums placed to the credit of unsurrendered bonds) to the Company, its successors or assigns. Otherwise this indenture shall be, continue and remain in full force and virtue.

ARTICLE TENTH.

SUCCESSOR CORPORATIONS.

Consolidation, merger, sale and lease permitted on certain conditions.

SECTION 1.—Nothing contained in this indenture or in any First Mortgage Bonds shall prevent any consolidation or merger of the Company with any other corporation or any lease or sale to another corporation of the trust estate as an entirety; provided that such consolidation, merger, lease, sale or transfer and the acquisition of the trust estate by the corporation formed by such consolidation or into which the Company shall be merged or which shall purchase or take the trust estate as aforesaid shall be authorized by law and shall be on such terms as to preserve and not to impair the lien and security of this indenture and the rights and powers of the Trustees and of the holders of First Mortgage Bonds and

bond scrip certificates and that such successor corporation shall, as part of such consolidation, merger, lease or sale, expressly assume and agree to make due and punctual payment of the principal of and interest upon all of the First Mortgage Bonds and bond scrip certificates and to perform all of the covenants and conditions of this indenture.

Successor corporation substituted for Company.

Section 2.—Such successor corporation—upon executing and delivering to the Trustees and causing to be recorded an instrument satisfactory to the Trustees, whereby such corporation shall assume the due and punctual payment of the principal of and interest upon all of the First Mortgage Bonds and bond scrip certificates and the performance of the covenants and conditions of this indenture and shall charge therewith the property taken over by such corporation from the Company and also such of the property thereafter to be acquired by such corporation as it is provided in the granting clauses hereof shall be subject to the lien of this indenture—shall succeed to and be substituted for the Company with the same effect (except as a contrary intention shall clearly appear herefrom) as if it had been named herein as party of the first part and shall be subrogated and subject to all of the rights, interests, powers, liabilities and obligations of the Company under or by reason of this indenture or the First Mortgage Bonds or coupons or the bond scrip certificates. Such corporation may exercise such powers in the name of the Company or in its own name or in the name of both said corporations or otherwise. Any act or proceeding by any provision of this indenture authorized or required to be done or performed by any board, committee or officer of the Company may be done and performed with like force and effect by the corresponding board, committee or officer of such successor corporation.

Issue of bonds by successor corporation.

Section 3.—Any such successor corporation may cause to be signed and issued in its own name or in the name of the

Company or in the names of both said corporations any of the First Mortgage Bonds or bond scrip certificates that shall not theretofore have been executed by the Company and delivered to the Trustees and, for that purpose, may cause the Company from time to time to take any corporate action that may be necessary or proper; and the Trustees, upon the order of such successor corporation and subject to all of the terms, conditions and restrictions herein prescribed, shall authenticate and deliver any of the First Mortgage Bonds and bond scrip certificates that shall have been previously executed by the Company and delivered to the Trustees for authentication, and also any thereof that such successor corporation shall thereafter execute and deliver to the Trustees for that purpose. All bonds so authenticated shall in all respects have the same rank and security as the bonds theretofore or thereafter authenticated and delivered in accordance with the terms of this indenture as though all of the First Mortgage Bonds had been actually issued and this indenture had been executed and delivered by such successor corporation at a time when the title to the property intended to be covered by this indenture was fully and absolutely vested in such corporation.

Surrender of powers reserved to Company.

SECTION 4.—Nevertheless, before the exercise of the powers conferred by this Article Tenth, the Company, by an instrument in writing executed by authority of its Board of Directors and delivered to the Trustees, may surrender any of the powers hereby reserved to it or to any such successor corporation; and thereupon such powers so surrendered shall terminate.

Successors or assigns of Company bound.

SECTION 5.—All of the covenants, stipulations, promises and conditions in this indenture contained by or on behalf of the Company shall bind its successors or assigns, whether so expressed or not.

ARTICLE ELEVENTH.

Bondholders' Acts and Holdings.

Form and proof of execution of instruments by bondholders.

Section 1.—Any request or other instrument required by this indenture to be executed by bondholders may be in any number of concurrent writings of similar tenor and may be signed by such bondholders in person or by agent appointed in writing. The fact and date of the execution of any such instrument or of any writing appointing any such agent may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments or proofs of deeds to be recorded within such jurisdiction that the persons signing such instrument did acknowledge before him the execution thereof, or may be proved by an affidavit of a witness of such execution.

Proof of ownership of bonds and coupons.

Section 2.—The fact of the holding by any bondholder of unregistered coupon bonds and of coupons and the amounts, series, letters and numbers of such bonds and coupons and the date of his holding the same may be proved by a certificate executed by any trust company, bank, bankers or other depositary (wherever situated) if such certificate shall be deemed by the Trustees or by the Trustee directed to act thereon to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depositary the bonds and coupons therein described. The ownership of coupon bonds registered as to principal or of registered bonds shall be proved by the books of registry of such bonds.

Proof conclusive in favor of Trustees or Company.

Section 3.—The proof provided for in this Article shall be sufficient for any purpose of this indenture and shall be conclusive in favor of the Trustees or either of them or of the Company with regard to action by them or any of them taken upon the faith thereof.

ARTICLE TWELFTH.

Concerning the Trustees.

Section 1.—The Trustees and each of them shall be pro-

tected in acting upon any notice, request, consent, certificate, bond, coupon, agreement or other paper or document believed by them or by the one acting thereon to be genuine and to have been signed by the proper parties. The Trustees and each of them may perform their, his or its powers and duties by or through and may select and employ in and about the execution of this trust attorneys, appraisers, accountants, agents and other employes, whose reasonable compensation shall be deemed part of the expenses of the Trustees. They shall not be answerable for the default or misconduct of any person so employed nor shall any Trustee be liable for any acts, receipts, negligence or defaults of the other or be liable for anything whatever in connection with this trust, except his or its own wilful misconduct or gross negligence. The Trustees and each of them may advise with legal counsel and the opinion of counsel shall be a full protection and justification to the Trustees and each of them for anything done and suffered to be done by them or either of them in accordance with such opinion.

Trustees protected in acting upon documents believed to be genuine;

—may employ agents;

—liable only for wilful misconduct or gross negligence;

—protected by opinion of counsel;

The Trustees shall not be required to record, rerecord, file, refile or register this indenture or any indenture supplemental hereto or any paper relating hereto or to see to the insurance of any property subject hereto or the payment of any tax or assessment or governmental charge levied or assessed against the Trustees or either of them or against the Company or against the property subject hereto or against the owners of First Mortgage Bonds or to the performance or observance of any of the covenants or agreements hereof on the part of the Company. Neither the Trustees nor either of them shall be under any liability or responsibility whatsoever for any act or omission on the part of any of the Depositaries or for any loss or damage to the trust estate while held by a Depositary or any misapplication of the money deposited with any Depositary under the provisions of this indenture (except in so far as each of the Trustees is required to give orders for the payment of such cash deposited hereunder, but only as

—not required to record, mortgage, etc.;

—not responsible for acts or omissions of Depositaries;

—not liable for debts or damages while in possession;

requested by the Company and in accordance with the provisions of this indenture). The Trustees shall not be personally liable for any debts duly contracted or for damages to persons or property injured or for salaries or non-fulfillment of contracts during any period wherein they shall manage the mortgaged premises upon entry or voluntary surrender as hereinbefore provided.

Assent of bondholder binding on subsequent owners of same bond.

Any action taken by the Trustees or either of them upon the request or with the assent of any person who, at the time, is the owner of any bond or bonds secured hereby, shall be conclusive and binding upon all future owners of the same bond or bonds.

Trustees not responsible for validity of mortgage or bonds;

The Trustees shall not be responsible for the execution or validity hereof or of the First Mortgage Bonds nor for the sufficiency of the security provided herein, and it shall be no part of the duty of the Trustees or either of them to see that any of the property intended to be conveyed hereby or by any supplemental indenture is properly or legally subjected to the lien hereof or that any securities intended to be pledged hereunder are delivered to the Trustees or either of them or to give notice to any person of the making of this indenture.

—nor for representations or recitals.

All representations and recitals herein and in the First Mortgage Bonds and coupons contained (except the authentication on the bonds) are made by and on behalf of the Company and the Trustees are in no way responsible therefor, nor for any statement therein contained, nor for any action by them or either of them done by reason of any representation to them or either of them made by the Company or any of its officers.

—may assume no default exists until notified;

The Trustees and each of them may for all purposes conclusively assume that no event of default has happened and that none of the defaults or contingencies mentioned in Section 2 of Article Sixth hereof has occurred, unless and until the Trustees shall have received from the holders of not less than ten per cent. in amount of the First Mortgage Bonds outstanding written notice distinctly specifying the default, contingency, event or fact desired to be brought to the attention of the Trustees.

—not required to take action without written request and indemnity;

The Trustees shall not be required to take any action involving expense or liability in respect to any default or towards the execution or enforcement of the trusts hereby created, unless requested by an instrument in writing signed by the holders of not less than twenty-five per cent. in amount of the outstanding First Mortgage Bonds and unless tendered security and indemnity satisfactory to them against expense and liability, anything herein contained to the contrary notwithstanding; but neither any such notice nor request nor this provision therefor shall affect any discretion herein elsewhere specifically given to the Trustees or either of them to determine whether or not they or either of them shall take such action or to take action without such request.

—entitled to compensation and reimbursement.

The Trustees shall be entitled to reasonable compensation for all services rendered by them or either of them in the execution of the trusts hereby created, as well as reimbursement of all expenses and counsel fees reasonably incurred and disbursed by either of them hereunder and of any liability or damage which they or either of them may sustain or incur, all of which the Company agrees to pay, and to secure the payment thereof the Trustees shall have a lien upon the trust estate in priority to the First Mortgage Bonds and coupons.

Trustees and Depositaries may acquire bonds and coupons.

Either of the Trustees or any of the Depositaries may acquire First Mortgage Bonds and coupons as well as any and all other securities and obligations, whether of the Company or of any other corporation or body, with the same rights which he, it or they would have if not such Trustee or Depositary and without affecting the capacity of such Trustee to act as such Trustee or to discharge any duty or exercise any authority hereunder.

Certificate as to ownership of stock of Company conclusive evidence to Trustees.

A certificate signed by the Secretary or an Assistant Secretary of the Company and sealed with its corporate seal stating that a specific number of shares of the capital stock of the Company is at the date of said certificate shown by the stock books of the Company to be held by a single person or

corporation or by persons or corporations, respectively (which shall in each instance be named in such certificate) may be accepted by the Trustees or either of them as conclusive evidence for any purpose of this indenture of the ownership at such date by the person, persons, corporation or corporations so named of the shares of stock so stated to stand in their names respectively.

Trustees may rely on certificate in absence of other express provision as to evidence.

In all cases where this indenture does not make other express provision as to the evidence on which the Trustees or either of them may act or refrain from acting, he, it or they shall be protected in acting or refraining from acting under any provision of this indenture in reliance upon a certificate as to the existence or non-existence of any fact or facts signed by the Chairman of the Board or the President or one of the Vice-Presidents and the Secretary or Treasurer or Comptroller or Chief Engineer of the Company.

Resignation of Trustees.

Section 2.—Any Trustee, original or successor, may resign and be discharged of the trusts hereby created by executing an instrument in writing resigning such trusts and specifying the date when such resignation shall take effect and filing the same with the Company at its office in San Francisco, California, three months (or such shorter time as may be accepted by the Board of Directors or Executive Committee of the Company as adequate) before the date so specified, and by giving notice of such resignation by publication at least once a week for two successive weeks in one daily newspaper of general circulation published in the Borough of Manhattan, City of New York and in one daily newspaper of general circulation published in the City and County of San Francisco. Such resignation shall take effect on the day so specified, or upon the appointment, prior to such date, of a successor trustee.

Removal of Trustees.

Any Trustee may be removed at any time by an instrument in writing filed with the Trustee to be removed and executed by the holders of a majority in amount of the First Mortgage Bonds then outstanding.

Appointment of successor Trustee by bondholders.

SECTION 3.—In case at any time any Trustee shall resign or be removed or become incapable of acting, a successor may be appointed by the holders of a majority in amount of the First Mortgage Bonds then outstanding; but pending such appointment by the bondholders, the Company may by an instrument executed by order of its Board of Directors or Executive Committee appoint a new Trustee, giving notice of such appointment by publication once in each calendar week (on any day of the week) for four successive weeks in two daily newspapers of general circulation published in the Borough of Manhattan, City of New York, and in a daily newspaper of general circulation published in the City and County of San Francisco. The Trustee so appointed by the Company shall without further act be superseded by any Trustee appointed by the bondholders in the manner above provided prior to the expiration of one year after the first publication of such notice.

Temporary appointment by Company.

Appointment by court.

If within sixty days after a vacancy shall occur in the office of either Trustee hereunder no appointment shall be made pursuant to the foregoing provisions of this Section 3, any bondholder or the remaining Trustee may apply to any court, state or federal, having jurisdiction to appoint a successor trustee, and such court may thereupon, after notice to the Company and the remaining Trustee and such other notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

Corporate Trustee to be trust company in San Francisco or New York.

Every successor to First Federal Trust Company as corporate Trustee hereunder shall always be a trust company or bank qualified by law to accept and perform the trusts hereof, doing business in the City and County of San Francisco or the City of New York and having a capital and surplus aggregating at least $2,000,000, if there be such a trust company or bank willing and able to accept the trusts upon usual and customary terms.

Appointment of additional Trustees.

If at any time or times in order to conform to any legal requirement the Company shall so request, the Company and

the Trustees shall have power to appoint and shall unite in the execution and delivery of all instruments and the performance of all acts necessary or proper to appoint one or more other trust companies or one or more other persons approved by the Trustees, as additional trustee or trustees hereunder, either to act as co-trustee or co-trustees of all or any of the property subject hereto, jointly with the trustees originally named herein or their successors, or to act as a separate trustee or trustees of any of such property, and in either case with all or such of the rights, powers, duties and obligations hereby imposed or conferred upon the Trustees respectively as shall be set forth in the instrument of appointment.

Merger or consolidation of corporate Trustee.

Any company into which the corporate Trustee or any successor to it in the trusts created by this indenture or any other trust company acting as trustee hereunder may be merged or with which it may be consolidated, or any company resulting from any merger or consolidation to which the corporate Trustee or such trust company shall be a party, provided such company might have been appointed trustee hereunder in accordance with the provisions of this Article, shall be such trustee without the execution or filing of any paper and without any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Vesting mortgaged premises in successor Trustee.

Section 4.—Any new trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to its or his co-trustee or co-trustees an instrument accepting such appointment, and thereupon, without any further act, deed or conveyance, shall become vested with all of the estates, rights, properties, powers and trusts hereby conferred upon it or him as if originally named as trustee herein; but any trustee ceasing to act shall, nevertheless, on the written request of the Company, or of a successor trustee, execute and deliver an instrument transferring to such new trustee, or to such

new trustee and his or its co-trustee, upon the trusts herein expressed, all of the estates, properties, rights, powers and trusts of the trustee ceasing to act and shall duly assign, transfer and deliver all property held by such trustee and order the payment of all cash deposited subject to the order of such trustee to or subject to the order of the new trustee appointed in his or its place. Should any deed, conveyance or other instrument from the Company be required by the new trustee for more fully and certainly vesting in and confirming to such new trustee such estates, rights, powers and duties, the Company shall execute and deliver the same. All of the conveyances herein provided for shall be at the cost of the Company, its successors or assigns.

Trustees take as joint tenants.

SECTION 5.—All of the estates, right, title and interest by this indenture or by any indenture supplemental hereto conveyed, assigned or transferred to the Trustees are conveyed, assigned and transferred to them as joint tenants and not as tenants in common.

Provided nevertheless:

Stipulation by Trustees for exercise of power by one Trustee.

(*a*) In case at any time the Trustees shall be advised that the exercise by either or both of the Trustees of any power conferred by the terms of this indenture upon them jointly, or the performance by either or both of the Trustees of any act provided by the terms hereof to be performed by them jointly, would, if so exercised or performed, be unlawful under the laws of any jurisdiction, if such laws will be applicable thereto, and shall stipulate in writing that such power shall be exercised or such act performed by one of the Trustees specified in such writing, although by the express provisions hereof authority therefor is not conferred upon such specified Trustee, such specified Trustee is hereby authorized to exercise such power and perform such act with the same force and effect as if the same were exercised or performed by the Trustees on whom such authority is by any of the other provisions hereof expressly conferred.

Direction by holders of majority in amount of bonds that action be taken by one Trustee alone.

(*b*) If the holders of a majority in amount of First Mortgage Bonds then outstanding by written instrument or instruments executed as provided in Section 1 of Article Eleventh hereof and otherwise to the satisfaction of the Trustee specified therein shall at any time or from time to time direct that any suit authorized by or proper for the enforcement of any of the provisions of this indenture or any of the rights of the Trustees or of the bondholders shall be prosecuted or any other proceeding or action authorized or contemplated hereby shall be taken or any power or discretion granted hereby shall be exercised or any function or duty prescribed hereby shall be performed by one of the Trustees specified in such written instrument acting alone, then although such suit, proceeding, action, power, discretion, function or duty is hereby authorized or intended to be prosecuted, taken, exercised or performed by both of the Trustees, the Trustee so specified, notwithstanding anything herein contained to the contrary or inconsistent therewith and notwithstanding any stipulation made by the Trustees as in clause (*a*) hereinabove provided, shall be vested with the complete and exclusive power, discretion, authority, right and duty, as Trustee hereunder, to institute and prosecute any and every suit, take any and every proceeding and action, exercise any and every power and discretion and perform any and every function and duty referred to in or contemplated by such direction and may institute and maintain all such suits and recover judgment therein and cause the same to be executed and may take all such actions and proceedings, exercise all such powers and discretions and perform all such functions and duties as may be so directed (including not only everything contemplated hereby which is specified in such direction but everything required or appropriate fully to carry out any such direction) without joining therein the other Trustee as a party to any suit or proceeding or otherwise, with the same effect as if the Trustee so acting were the only Trustee named in this indenture; and in every such case all of the provisions of this indenture with

respect to any such suit, proceeding or action or the exercise of any such power or discretion or the performance of any such function or duty by the Trustees shall apply with respect to such suit, proceeding, action, power, discretion, function or duty when prosecuted, taken, exercised or performed by such specified Trustee. Any instrument executed or action taken by such specified Trustee, in the discretion of such Trustee, may be executed or taken in the name of such specified Trustee or in the names and upon behalf of both of the Trustees or of the Company and the Trustees. Any such written direction may cover one or several or all of the powers, discretions, functions and duties provided for in this indenture and one or more subjects or matters and may be given in general or in specific terms; and any such direction so far as it shall remain unexecuted may in like manner be revoked by the holders of a majority in amount of First Mortgage Bonds then outstanding. Any such direction shall be deemed to vest in such specified Trustee exclusively power, discretion, authority, right and duty as aforesaid and to constitute a grant to such specified Trustee of every title, estate, interest and right necessary to support such direction or for the exercise thereof, by both the Company and all of the bondholders, to the same extent and with the same effect as if such direction and grant were specifically made by and contained in this indenture.

Power of surviving Trustee when office of other Trustee is vacant.

(*c*) Whenever the office of either Trustee shall become vacant whether by reason of the death of the individual Trustee or the dissolution of the corporate Trustee or the resignation, removal or incapacity of either Trustee or any other cause, all suits, proceedings, actions, powers, discretions, functions and duties by any of the provisions of this indenture authorized or intended to be prosecuted, taken, exercised or performed by both of the Trustees may until such vacancy is filled as hereinbefore provided be prosecuted, taken, exer-

cised or performed by the remaining Trustee notwithstanding any stipulation made by the Trustees as in clause (*a*) hereinabove provided or any direction given by the bondholders as in clause (*b*) hereinabove provided, except a suit, proceeding, action, power, discretion, function or duty which is by the express terms of such direction of the bondholders in the event of a vacancy in the office of the Trustee therein specified to be prosecuted, taken, exercised or performed only by his or its successor and not by the remaining Trustee.

Service of notice on Trustees.

Any notice, request or other writing by or on behalf of the bondholders shall be deemed to have been delivered to the individual Trustee if it shall have been delivered to him personally in any jurisdiction or shall be left with the person in charge of his office in the Borough of Manhattan in the City of New York or, in case a statement specifying the address of such office has not been filed with the Company and the corporate Trustee, if it shall have been mailed, postage prepaid, addressed to the individual Trustee, General Delivery, New York City Post Office, and shall be deemed to have been delivered to the corporate Trustee if it shall have been delivered or mailed to the office or regular place of business of the corporate Trustee.

Delivery of securities or payment of cash to either Trustee effectual payment or delivery to both.

Delivery of securities or payment of cash to either of the Trustees for pledge or deposit hereunder shall be deemed as effectual as if made to both of the Trustees.

Bonds to be authenticated and cash controlled by both Trustees.

The First Mortgage Bonds shall be authenticated and delivered by, and the cash deposited hereunder shall be held by the Depositaries and paid out subject to the order of, both of the Trustees.

Method of execution of instruments by Trustees.

The certificate of authentication of the First Mortgage Bonds and of the bond scrip certificates and any written certificate, demand, direction, order, request, consent, approval, notice, waiver or other instrument or act to be executed or made under any of the provisions hereof shall be deemed sufficiently executed and made by the corporate Trustee if signed by the President or one of the

Vice-Presidents or the Trust Officer or the Secretary or an Assistant Secretary of the corporate Trustee or by an attorney in fact duly appointed in writing, and shall be deemed sufficiently executed and made by the individual Trustee if signed by him in person or by an attorney in fact duly appointed in writing; provided, however, that every certificate, order or other such instrument to be executed by the Trustees as required or permitted hereby shall be executed either by the corporate Trustee acting through one of its said officers or by the individual Trustee in his own person and that no such instrument shall be executed by both of said Trustees acting through attorneys-in-fact. Each Trustee may appoint one or more individuals, trust companies or other persons his or its attorneys-in-fact for the execution of instruments generally or any specified instrument or instruments pursuant to this indenture, and in the same manner revoke such appointment, provided that in each case a copy of the instrument of appointment or revocation shall be filed with the Company and the other Trustee.

Each Trustee may appoint attorneys in fact.

SECTION 6.—In case any of the First Mortgage Bonds or bond scrip certificates shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of his or its predecessor Trustee and may deliver or join in the delivery of the bonds and bond scrip certificates so authenticated; and any successor Trustee may authenticate bonds and bond scrip certificates in his or its own name or in the name of any predecessor trustee.

Successor Trustee may adopt certificate of authentication of predecessor.

ARTICLE THIRTEENTH.

SUNDRY PROVISIONS.

SECTION 1.—Except where a contrary meaning is indicated by the context, the term "Company" includes and means not only the party of the first part hereto but also any corporation that shall qualify as a successor corporation under the pro-

Definitions: —"Company;"

—"Trustee;" visions of Article Tenth hereof, and the term "Trustee" means a Trustee for the time being under this indenture, whether original or successor. The words "Trustee", "bond", "bondholder" and "holder" include the plural as well as the singular number unless otherwise expressly indicated. The word "person" includes associations and corporations. The word "holder" used with reference to a registered bond or a coupon bond registered as to principal means the person who shall appear by the books of registry to be the registered owner thereof. In the case of unregistered coupon bonds pledged or otherwise hypothecated, the words "bondholder" and "holder" shall be deemed to refer to the person at the time actually in possession of such bond. The words "subject hereto" or "subject to this indenture" or "subject to the lien hereof" or "subject to the lien of this indenture" when used herein shall be held and construed to mean: subject to this indenture, whether as a first lien or a lien of less degree and, with respect to securities and other property susceptible of delivery to and deposit with the Trustees whether the same shall actually be so delivered or deposited or are intended or agreed to be pledged, either presently or upon the happening of some event. All shares of stock, bonds, notes, obligations, securities, indebtedness, liabilities, claims or choses in action that shall be actually delivered to and deposited with the Trustees for pledge hereunder or if not susceptible of such delivery and deposit shall be actually assigned to the Trustees on the trusts hereof or are intended or agreed or pursuant to the provisions hereof ought to be so deposited or assigned either presently or upon the happening of some event shall be deemed to be "pledged hereunder" as that term is used herein. All First Mortgage Bonds that shall have been authenticated and delivered by the Trustees, except bonds that shall have been paid or redeemed, or shall have been called for redemption and to the credit whereof sums shall have been placed as provided in Article Third hereof, shall be deemed "out-

—"Trustee," "bond," "bondholder" and "holder;"

—"person;"

—"holder;"

—"bondholder" and "holder;"

—"subject hereto," "subject to this indenture," "subject to the lien hereof," "subject to the lien of this indenture;"

—"pledged hereunder;"

—"outstanding."

standing'' as such term is used in this indenture. Wherever in this indenture the request of or action by a majority or any specified percentage in amount of the holders of First Mortgage Bonds is referred to, such request of or action by the holders of either exactly the amount so referred to or any greater amount is meant. References herein to a First Mortgage Bond maturing or becoming due and payable ''by the terms thereof'' shall be taken to mean maturing on the specific date expressed in the bond as the day on which such bond is payable.

Meaning of holders of majority or any specified percentage in amount of bonds.

Meaning of maturity "by the terms thereof."

The words ''cash deposited hereunder'' refer to all money received by any of the Depositaries to be held on deposit pursuant to any of the provisions hereof, including the ''deposited cash'' mentioned in Section 2 of Article Second hereof.

Definitions:

—"cash deposited hereunder;"

The words ''terminal facilities'' as used in this indenture mean property or facilities (including belt lines, depots, stations, union stations, elevators, bridges, approaches, docks and wharves) at the end or terminus of any line of railroad or at any division point or at any junction point with any other railroad or at any junction point with separate portions of the system of the Company or at any point in any city of not less than 5,000 inhabitants, for the accommodation of passengers, the delivery or receipt, movement, transfer or storage of freight or equipment or the furnishing and repair thereof.

—"terminal facilities;"

The word ''equipment'' shall, when not clearly inconsistent with the context, be deemed to comprehend all rolling stock, including locomotives, tenders, motor cars, baggage cars, express cars, postal cars, combination cars, dining cars, passenger cars, freight cars, coal cars, caboose cars, construction cars, work cars, wrecking cars, snow plows and hand cars; also all floating equipment, including tug boats, ferry boats, barges, lighters, transfers and harbor craft; also all electrical machinery, apparatus and appliances which shall not be fixtures.

—"equipment;"

The words ''free funds,'' when used herein, shall be deemed to mean cash and cash items and also stocks, bonds,

—"free funds."

notes and other securities (if not subject or intended to be subjected to the lien hereof, as provided in this indenture), held in the treasury of the Company, except the proceeds of First Mortgage Bonds or other cash deposited hereunder paid to the Company under any of the provisions of this indenture for purposes other than reimbursement of previous expenditures certified as herein provided.

Execution of demands and other instruments by the Company.

Section 2.—Any written demand, direction, request, consent, approval, notice, certificate, waiver, nomination, appointment, designation or other similar act to be given, made or executed by the Company under any of the provisions hereof shall, unless otherwise expressly provided hereby, be deemed sufficiently made and executed if signed by the Chairman of the Board or the President or one of the Vice-Presidents and the Treasurer or Secretary or Comptroller or Chief Engineer.

Authentication of resolution.

The Trustees or either of them may receive a certificate under the corporate seal of the Company attested by the Secretary or an Assistant Secretary of the Company as sufficient evidence of the passage of any resolution by the Board of Directors or Executive Committee of the Company.

Writing signed by all members of Executive Committee sufficient in lieu of certified copy of resolution.

Whenever provision is made in this indenture for the delivery of a certified copy of a resolution of the Executive Committee of the Company, a writing subscribed by all of the members of such Executive Committee reciting or stating the same matters as are required to be recited or stated in such resolution shall be sufficient.

Execution hereof in counterparts.

Section 3.—In order to facilitate the recording of this indenture, the same may be simultaneously executed in twenty-five counterparts, each of which so executed shall be deemed to be an original although all or any of the others may not be produced, and such counterparts shall together constitute but one and the same instrument.

Effect of invalidity of any provision hereof.

Section 4.—If any provision or provisions of this indenture shall be held or deemed to be or shall in fact be inopera-

tive or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because conflicting with any provision of any constitution or statute or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

ARTICLE FOURTEENTH.

PARTIES IN INTEREST.

Rights confined to parties and bondholders.

Nothing in this indenture expressed or implied is intended or shall be construed to give to any person other than the parties hereto and the holders of the First Mortgage Bonds any right, remedy or claim under or by reason of this indenture or any covenant, condition or stipulation thereof; and all of the covenants, stipulations, promises and agreements in this indenture contained shall be for the sole and exclusive benefit of the parties hereto and of the holders of the First Mortgage Bonds.

ARTICLE FIFTEENTH.

ACCEPTANCE BY TRUSTEES.

First Federal Trust Company and Henry E. Cooper, parties hereto of the second part, hereby accept the trusts in this indenture declared and provided, and agree to perform the same upon the terms and conditions hereinbefore set forth.

Testimonium

IN WITNESS WHEREOF, The Western Pacific Railroad Company has caused its corporate seal to be hereunto affixed, duly attested by its Secretary or an Assistant Secretary, and this indenture to be signed by its President or one of its Vice-Presidents, and First Federal Trust Company in token of its acceptance of this trust has caused its corporate seal to be

hereunto affixed, duly attested by its Secretary or an Assistant Secretary, and this indenture to be signed by its President or one of its Vice-Presidents, and Henry E. Cooper in token of his acceptance of this trust has hereunto set his hand and seal, all as of the day and year first above written.

Signatures.

THE WESTERN PACIFIC RAILROAD COMPANY,

By C. M. Levey,
President.

Attest:

[Corporate Seal] John F. DeVault
Secretary.

Signed, sealed and delivered on behalf of The Western Pacific Railroad Company in the presence of:

A. R. Baldwin

Ralph M. Arkush

FIRST FEDERAL TRUST COMPANY,

By J. G. Hooper
Vice-President.

Attest:

[Corporate Seal] G. K. Moffitt
Secretary.

Signed, sealed and delivered on behalf of First Federal Trust Company in the presence of:

C. H. McCormick

John C. Boyle

HENRY E. COOPER (L. S)

Signed, sealed and delivered by HENRY E. COOPER in the presence of:

J. Y. ROBBINS, JR.

J. F. BOWIE

STATE OF CALIFORNIA, }
City and County of San Francisco, } SS.: Acknowledgments.

On this 14th day of July in the year One thousand nine hundred and sixteen before me M. V. COLLINS, a Notary Public in and for the City and County of San Francisco, residing therein, duly commissioned and sworn, personally appeared C. M. LEVEY, known to me to be the President of THE WESTERN PACIFIC RAILROAD COMPANY, one of the corporations that executed the within instrument, and to be the person who executed said instrument on its behalf, and he acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above written.

M. V. COLLINS [Notarial Seal]
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

STATE OF CALIFORNIA, }
City and County of San Francisco, } SS.:

On this 14th day of July, A. D. 1916, personally appeared before me M. V. COLLINS, a Commissioner of Deeds in and for the State of California, duly appointed under the laws and by the Governor of the State of Nevada for the purpose of taking acknowledgments and proofs of deeds and other instruments to be recorded in the State of Nevada, C. M. LEVEY, known to me to be the President of THE WESTERN

Pacific Railroad Company, one of the corporations that executed the foregoing instrument, and upon oath, did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above mentioned.

[Commissioner's Seal]

M. V. Collins
Commissioner of Deeds of the State of Nevada in and for the State of California.
My commission expires August 31, 1919.

State of California,
City and County of San Francisco, } ss.:

On the 14th day of July, A. D. 1916, personally appeared before me M. V. Collins, a Commissioner of Deeds in and for the State of California, duly appointed under the laws and by the Governor of the State of Utah for the purpose of taking and certifying acknowledgments and proofs of mortgages, deeds and other instruments for record in the State of Utah, C. M. Levey, who, being by me duly sworn, did say that he is the President of The Western Pacific Railroad Company, one of the corporations named in and that executed the foregoing instrument, and that said instrument was signed in behalf of said corporation by resolution of its Board of Directors, and said C. M. Levey acknowledged to me that said corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in the County and State

aforesaid the day and year in this certificate first above mentioned.

M. V. COLLINS [Commissioner's Seal]
Commissioner of Deeds of the State of Utah in and for the State of California.
My commission expires January 10, 1917.

STATE OF CALIFORNIA, }
City and County of San Francisco, } ss.:

On the 14th day of July in the year One thousand nine hundred and sixteen, before me personally came C. M. LEVEY, to me known, who, being by me duly sworn, did depose and say that he resides in San Francisco, California; that he is the President of THE WESTERN PACIFIC RAILROAD COMPANY, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal at my office in the City and County and State aforesaid the day and year in this certificate first above mentioned.

M. V. COLLINS [Notarial Seal]
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

STATE OF CALIFORNIA, }
City and County of San Francisco, } ss.:

On this 14th day of July in the year One thousand nine hundred and sixteen before me M. V. COLLINS, a Notary Public in and for the City and County of San Francisco, residing therein, duly commissioned and sworn, personally appeared J. G. HOOPER, known to me to be the Vice-President of FIRST FEDERAL TRUST COMPANY, one of the corporations that

executed the within instrument, and to be the person who executed said instrument on its behalf, and he acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above written.

[Notarial Seal]

M. V. COLLINS
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

STATE OF CALIFORNIA,
City and County of San Francisco, } ss.:

On this 14th day of July, A. D. 1916, personally appeared before me M. V. COLLINS, a Commissioner of Deeds in and for the State of California, duly appointed under the laws and by the Governor of the State of Nevada for the purpose of taking acknowledgments and proofs of deeds and other instruments to be recorded in the State of Nevada, J. G. HOOPER known to me to be the Vice-President of FIRST FEDERAL TRUST COMPANY, one of the corporations that executed the foregoing instrument and upon oath, did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above mentioned.

[Commissioner's Seal]

M. V. COLLINS
Commissioner of Deeds of the State of Nevada in and for the State of California.
My commission expires August 31, 1919.

State of California, }
City and County of San Francisco, } ss.:

On this 14th day of July, A. D. 1916, personally appeared before me M. V. Collins, a Commissioner of Deeds in and for the State of California, duly appointed under the laws and by the Governor of the State of Utah for the purpose of taking and certifying acknowledgments and proofs of mortgages, deeds and other instruments for record in the State of Utah, J. G. Hooper, who, being by me duly sworn, did say that he is the Vice-President of First Federal Trust Company, one of the corporations named in and that executed the foregoing instrument, and that said instrument was signed in behalf of said corporation by resolution of its Board of Directors, and said J. G. Hooper acknowledged to me that said corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above mentioned.

M. V. Collins [Commissioner's Seal]
Commissioner of Deeds of the State of Utah in and for the State of California.
My commission expires January 10, 1917.

State of California, }
City and County of San Francisco, } ss.:

On the 14th day of July in the year One thousand nine hundred and sixteen before me personally came J. G. Hooper, to me known, who, being by me duly sworn, did depose and say that he resides in San Francisco, Cal.; that he is the Vice-President of First Federal Trust Company, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of

said corporation, and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above mentioned.

[Notarial Seal]

M. V. COLLINS
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

STATE OF CALIFORNIA, }
City and County of San Francisco, } ss.:

On this 14th day of July in the year One thousand nine hundred and sixteen before me M. V. COLLINS, a Notary Public in and for the City and County of San Francisco, residing therein, duly commissioned and sworn, personally appeared HENRY E. COOPER, known to me to be the individual described in, whose name is subscribed to and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above mentioned.

[Notarial Seal]

M. V. COLLINS
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

STATE OF CALIFORNIA, }
City and County of San Francisco, } ss.:

On this 14th day of July, A. D. 1916, personally appeared before me M. V. COLLINS, a Commissioner of Deeds in and for the State of California, duly appointed under the laws and

by the Governor of the State of Nevada for the purpose of taking acknowledgments and proofs of deeds and other instruments to be recorded in the State of Nevada, Henry E. Cooper, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above mentioned.

M. V. Collins [Commissioner's Seal]
Commissioner of Deeds of the State of Nevada in and for the State of California.
My commission expires August 31, 1919.

State of California,
City and County of San Francisco, } ss.:

On the 14th day of July, A. D. 1916, personally appeared before me M. V. Collins, a Commissioner of Deeds in and for the State of California, duly appointed under the laws and by the Governor of the State of Utah for the purpose of taking and certifying acknowledgments and proofs of mortgages, deeds and other instruments for record in the State of Utah, Henry E. Cooper, the signer of the above instrument, who duly acknowledged to me that he executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in the City and County and State aforesaid the day and year in this certificate first above mentioned.

M. V. Collins [Commissioner's Seal]
Commissioner of Deeds of the State of Utah in and for the State of California.
My commission expires January 10, 1917.

STATE OF CALIFORNIA, }
City and County of San Francisco, } ss.:

On this 14th day of July, in the year 1916, before me came Henry E. Cooper, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he had executed the same.

[Notarial Seal]

M. V. COLLINS
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

STATE OF CALIFORNIA, }
City and County of San Francisco, } ss.:

Chattel mortgage affidavits.

C. M. LEVEY and JOHN F. DEVAULT, being duly sworn, each for himself deposes and says: That said C. M. LEVEY is the President and said JOHN F. DEVAULT is the Secretary of THE WESTERN PACIFIC RAILROAD COMPANY, the mortgagor in the foregoing mortgage and deed of trust; that the foregoing mortgage is made in good faith to secure the amount named therein and is given for a debt actually owing and hereafter to become due from the mortgagor, to-wit, the principal of and interest on the First Mortgage Gold Bonds of said The Western Pacific Railroad Company now or hereafter to be issued, not to exceed $50,000,000 aggregate principal amount at any one time outstanding; that said mortgage is not made to hinder, delay or defraud any creditor of the mortgagor, but is made without any design to hinder, delay or defraud creditors of the mortgagor or any creditors whatsoever; and that this affidavit is made in behalf of said The Western Pacific Railroad Company.

C. M. LEVEY
JOHN F. DEVAULT

Subscribed and sworn to before me this 14th day of July, 1916. }

[Notarial Seal]

M. V. COLLINS
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

M. V. COLLINS [Commissioner's Seal]
Commissioner of Deeds of the State of Nevada in and for the State of California.
My commission expires August 31, 1919.

M. V. COLLINS [Commissioner's Seal]
Commissioner of Deeds of the State of Utah in and for the State of California.
My commission expires January 10, 1917.

STATE OF CALIFORNIA, }
City and County of San Francisco, } ss.:

J. G. HOOPER and J. K. MOFFITT, being duly sworn, each for himself deposes and says: That said J. G. HOOPER is the Vice-President and said J. K. MOFFIT is the Secretary of FIRST FEDERAL TRUST COMPANY, one of the mortgagees in the foregoing mortgage and deed of trust; that the foregoing mortgage is made in good faith to secure the amount named therein and is given for a debt actually owing and hereafter to become due from the mortgagor, to-wit, the principal of and interest on the First Mortgage Gold Bonds of The Western Pacific Railroad Company now or hereafter to be issued, not to exceed $50,000,000 aggregate principal amount at any one time outstanding; that said mortgage is not made to hinder, delay or defraud any creditor of the mortgagor, but is made without any design to hinder, delay or defraud creditors of the mortgagor or any creditors whatsoever; and that this affidavit is made in behalf of said First Federal Trust Company.

J. G. HOOPER
J. K. MOFFITT

Subscribed and sworn to before me this 14th day of July, 1916. }

M. V. COLLINS [Notarial Seal]
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

[Commissioner's Seal] M. V. COLLINS
Commissioner of Deeds of the State of Nevada in and for the State of California.
My commission expires August 31, 1919.

[Commissioner's Seal] M. V. COLLINS
Commissioner of Deeds of the State of Utah in and for the State of California.
My commission expires January 10, 1917.

STATE OF CALIFORNIA,)
City and County of San Francisco,) ss.:

Henry E. Cooper, being duly sworn, deposes and says that he is one of the mortgagees in the foregoing mortgage and deed of trust; that the foregoing mortgage is made in good faith to secure the amount named therein and is given for a debt actually owing and hereafter to become due from the mortgagor, to-wit, the principal of and interest on the First Mortgage Gold Bonds of The Western Pacific Railroad Company now or hereafter to be issued, not to exceed $50,000,000 aggregate principal amount at any one time outstanding; and that said mortgage is not made to hinder, delay or defraud any creditor of the mortgagor, but is made without any design to hinder, delay or defraud creditors of the mortgagor or any creditors whatsoever.

HENRY E. COOPER

Subscribed and sworn to before me this 14th day of July, 1916.)

[Notarial Seal] M. V. COLLINS
Notary Public in and for the City and County of San Francisco, State of California.
My term expires April 14, 1917.

M. V. COLLINS
Commissioner of Deeds of the State of Nevada in and for the State of California.
My commission expires August 31, 1919.

[Commissioner's Seal]

M. V. COLLINS
Commissioner of Deeds of the State of Utah in and for the State of California.
My commission expires January 10, 1917.

[Commissioner's Seal]

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